

Thursday March 16... AND SERVICE... an adequate secondary market...

Table with exchange rates for various currencies including US, UK, Japan, etc.

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,273

Friday March 16 1984

D 8523 B

European shipbuilding industry tries to resurface, Page 12

## NEWS SUMMARY

### GENERAL

#### Jordan warned on U.S. arms sale

King Hussein had made it far more difficult for the U.S. Congress to provide Jordan with sophisticated anti-aircraft missiles, President Ronald Reagan's national security adviser, Mr Robert McFarlane, said yesterday.

### BUSINESS

#### BP and Shell profits surge

BRITISH PETROLEUM reported 1983 net profits of £265m (£125m) against £181m and proposed a 22 per cent final dividend increase to 17p. Royal Dutch/Shell raised net income 38 per cent to £2.75bn and proposed a final dividend 28 per cent up at 15.9p. Details, Page 20; Less, Page 14; Stock market reports, Page 27

#### Spain to pay

Spain is to pay Norway compensation for carrying fish during protests at a recent French shelling of a Spanish trawler.

#### Guard for Adams

Armed soldiers were guarding the Belfast hotel where Gerry Adams, head of Sinn Fein, the IRA's political wing, was recovering from an assassination attempt. Page 9

#### 'Back Irish peace'

Irish Prime Minister Garret Fitz-Gerald urged U.S. Congress members to support the New Ireland Forum unique peace initiative for Northern Ireland.

#### Settlements slow

A slowdown in Israel's settlement drive in the Palestinian West Bank is being blamed on private construction companies. Page 4

#### Luns missile denial

New secretary-general Joseph Luns denied giving the Dutch approval to scale-down the planned deployment of cruise nuclear missiles.

#### Lisbon clash; 6 hurt

Six people were hurt in Lisbon as riot police fought with metal workers and communist union activists marching to the state-run holding company to protest at non-payment of wages. Page 2

#### Fire costs \$27.5m

A fire that destroyed the Ikea Swedish furniture company's main West German branch at Wallau, near Frankfurt, caused DM 70m (£27.5m) damage.

#### Newsprint mill burns

A newsprint mill in Ellesmere Port, North-west England, burned down yesterday and stocks worth £1m (£1.5m) were destroyed.

#### Tax-deductible drug

A Dutch father who pays for his adult son's heroin supply has been allowed to deduct the costs from his tax as extraordinary expenses.

#### Salvador killing

Assassination squads struck for the second time in 14 hours in El Salvador yesterday, killing a right-wing party official and seriously wounding his four-year-old daughter on her way to kindergarten.

#### Briefly

East-West talks on conventional force cuts in Europe resume in Vienna today. Page 3  
South Africa and Mozambique are to sign a non-aggression treaty today. Page 4  
Switzerland's lower-house National Council voted by 112 to 78 to join the United Nations. Page 2  
Colombia declared a state of siege in four departments. Page 5

## UK pours police into coalfields after miners clash

BY JOHN LLOYD AND PETER RIDDELL IN LONDON AND DAVID BRINDLE IN NOTTINGHAMSHIRE

THE UK Government has deployed a huge police presence in one of its biggest coalfields in Nottinghamshire in an effort to guarantee that miners there have the right to vote on strike action today.

The move follows scenes of near anarchy in Britain's coalfields on Wednesday evening. Pickets were involved in violent clashes with miners who were resisting pressure to force them to strike in protest at government plans for pit closures and job reductions.

During one of these clashes, near Ollerton Colliery, in Nottinghamshire, a 24-year-old Yorkshire miner was killed and several others injured.

The National Coal Board (NCB) said last night that only 20 pits throughout Britain were working normally.

Last night Nottinghamshire miners leaders called their members out on strike if only temporarily after renewed picketing and clashes. Asked if the pickets had won, Mr Henry Richardson, miners' secretary, said: "I suppose they have. But when death occurs, we have to think again."

The National Union of Mineworkers (NUM) leadership's attempt to enforce a national mining stoppage, area by area, is now threatened by the area ballots, which appeared to be running strongly against strike action.

Early ballot results show votes of 3 to 1 against a strike, in Yorkshire, however, miners' leaders decided to defy a High Court injunction against them to halt secondary picketing in Nottinghamshire or elsewhere.

Mr Leon Brittan, the Home Secretary, told the House of Commons yesterday that Sir Lawrence Byford, the Chief Inspector of Constabulary, would liaise with the police forces in Nottinghamshire and report personally to Mr Brittan.

Mrs Margaret Thatcher, the Prime Minister, is understood to be angered by police failure to prevent disturbances at collieries. She is believed to have banged the table while making crucial remarks about some riot constables during a meeting with Tory MPs.

Mr Brittan said: "The law permits picketing for the purpose of peacefully communicating and persuading. What it does not permit is what some of the Nottinghamshire miners, who have been the victims of disgraceful conduct, have called mob rule. And what is so horrifying is that it is mob rule that is being inflicted by miner upon fellow miner."

Mr Ian MacGregor, the coal board chairman, described the death of the miner as "tragic," but added that, nevertheless, "the pickets have still not been withdrawn."

Mr Arthur Scargill, the NUM president, appealed to his members to behave responsibly. He said: "I want to see all my members behave responsibly and I want to see this union in total unity to keep pits open, keeping our jobs secure and directing all their wrath and attention towards the real enemy, which is the National Coal Board and the Government."

More than 3,000 officers from 17 forces - as far away as the City of London - are now on hand in the Nottinghamshire coalfield, the indications are that they are prepared for a long stay - certainly until next week, when picketing might be stepped up once more after the result of the area ballots are known.

Mr Brittan said that the police had extensive powers to stop coaches, cars and people on foot

## Foreign executives in UK plan tax campaign

BY CHARLES BATCHELOR IN LONDON

FOREIGN businessmen working in the UK are to campaign against proposals in the British budget which would reduce the favourable tax régime they enjoy.

American, Japanese, West German and Dutch business organisations intend to lobby the UK Government in an action similar to the one which won considerable concessions from the Labour government which planned to reduce tax advantages in 1974.

Mr Nigel Lawson, the Chancellor of the Exchequer, plans to abolish the 50 per cent tax relief available on the earnings of foreign executives employed by overseas companies in the UK.

The move, announced on Tuesday, could damage London as an international financial centre, force foreign banks and financial service companies to station highly-paid executives elsewhere and persuade specialised American oil technicians to pull out of North Sea exploration, foreign businessmen said.

Mr Harry Cressman, director general of the American Chamber of Commerce, said: "We view this with considerable alarm. It adds an enormous amount of money to a company's costs in Britain. We will certainly be making a lot of noise just as we did in 1974."

"We will study the fine print of the Finance Bill first but then we will take it up with the Treasury and Members of Parliament. We will be very strongly joined by the Japanese, Germans and Dutch."

One U.S. company, which compensates its employees for any tax disadvantage they suffer in working in the UK, said the change would cost it £8m (£8.8m) a year.

Mr Peter Milward, adviser to the Japanese Chamber of Commerce and Industry, said: "Our auditors are keen to do something to see if we can influence Mr Lawson in the same way we influenced (the then Chancellor) Mr Denis Healey in 1974. The other chambers would be equally involved. I am fairly sure the chamber will want to take some action."

The Netherlands British Chamber of Commerce said that the Dutch embassy would be lobbying. The embassy is going through the budget in detail to see how it affects Dutch business interests, the chamber said.

Continued on Page 14  
After the budget, Page 13

## AGREEMENT ON COMPATIBLE STANDARDS TO CHALLENGE IBM

# Europe's computer groups forge pact

BY GUY DE JONQUIERES IN LONDON

TWELVE LEADING European computer and communications manufacturers have agreed to start putting into effect international standards designed to enable their products to be connected with each other.

The agreement is intended to create a more open European market for electronic information processing systems and to challenge the dominance of IBM of the U.S., the world's largest computer manufacturer.

The 12 companies have agreed to start designing their equipment to meet existing and planned international standards from next year. They are also pressing EEC authorities to adopt the standards for future public procurement.

All 12 companies subscribing are also involved in Esprit, the EEC-backed research programme intended to aid the development of advanced electronic technology and enable European industry to compete more effectively with the U.S. and Japan.

The companies are: GEC, ICL and Plessey of Britain; AEG, Nixdorf and Siemens of West Germany; Bull, Thomson and Compagnie Generale d'Electricite of France; Olivetti and Stet of Italy; and Philips of the Netherlands.

A number of common international standards exist but most manufacturers have been slow to apply them. As a result it remains difficult for users to get products made by different suppliers to work together, as they increasingly need to do for purposes such as office automation systems.

The agreement parallels recent discussions between European telecommunications authorities (PTTs) on proposals to align more closely their national standards and procedures for approving subscriber equipment and terminals.

Advocates of common standards argue that they will stimulate the overall market for computer and communications products and reduce equipment prices.

Many European manufacturers hope to be able to compete more effectively with IBM, which accounts for about 40 per cent of the European computer market. IBM is widely considered to set the de facto standard for many products. Its rivals claim that this gives it an unfair competitive advantage.

How quickly the 12 manufacturers will move to implement their agreement remains uncertain and may depend on the support they receive from their national authorities.

● Sales of IBM's UK subsidiary rose 35 per cent last year to £1.7bn (£2.5bn) from £1.2bn. Pre-tax profit increased 13 per cent to £255m and net profit after tax rose 41 per cent to £147m.

The rapid growth widens further the gap between IBM UK and ICL, the largest British-owned computer manufacturer. ICL reported pre-tax profits of £45.6m on sales of £340.5m for the year to September 30.

Paul Taylor writes from New York: IBM said yesterday that its entry level systems division, which makes the highly successful IBM PC, will spend about \$500m this year on new plant and equipment.

Mr Don Estridge, the division's president, also hinted that IBM would announce its long-awaited office networking system this year and that it plans to increase shipments of the PC to more than double between now and the end of this year.

Mr Estridge said the \$500m investment would be split equally between physical plant, new systems and new product plants, and equipment and machinery.

He said IBM shipped more PCs in the last two months of 1983 than in the whole of 1981 when the system was introduced, and 1982 combined. The division is now shipping one PC every 16 seconds, a rate IBM intends to increase to one every seven seconds by the end of this year.

Government curb on Digital Equipment, Page 14

## Belgium unveils three-year austerity plan

BY PAUL CHEESERIGHT IN BRUSSELS

BELGIUM'S centre-right coalition Government yesterday launched a three-year austerity programme designed to reduce the public-sector deficit: from Bfr 506bn (\$9.53bn) to Bfr 300bn.

The first two years of the programme, announced in Parliament by Mr Wilfried Martens, the Christian Democrat Prime Minister, would see:

- A break in wage indexation so that private and public-sector employees will lose 2 per cent of annual wage rises while Cabinet Ministers take a 10 per cent pay cut;
- A break in the indexation of social security benefits before reform of the whole system, starting in 1985; after two years out of work, unemployed persons would revert to the minimum benefit;
- A 3.5 per cent cut from its 1984 level in the total bill for salaries in the public sector;
- Teachers encouraged to take early retirement; an end to free school transport;
- Discussions with employers and unions on a maximum 38-hour working week;
- Tax concessions for companies modernising or converting plant;
- Unusually high company profits to be invested in Belgium or made available without interest to the Treasury.

The programme includes measures to increase employment through more part-time working and work sharing and to foster the modernisation of industry.

A key objective is to help Belgian companies to maintain the improvement in their competitive position that has been achieved over the past two years.

The measures are in effect a political agreement between the Christian Democrats and the Liberals, intended to endure beyond the next general election, planned for the end of next year.

The agreement was worked out by senior ministers in secret negotiating sessions spread over the last 15 days and ratified by a meeting of the full Cabinet early yesterday.

It contains an implied truce between the coalition partners on matters of communal rivalry between Dutch-speaking Flanders and French-speaking Wallonia, an habitual cause of instability in Belgian politics.

If the Government succeeds in cutting its annual deficit by the planned amount, it will reduce the financing cost from 18.2 per cent of gross national product in 1981, the peak year of deficit financing, to 7 per cent, roughly the European average.

The Government's ability to impose its programme, which will affect all but the poorest, depends at least initially on the acquiescence of the unions.

Although Socialist union opposition is taken for granted in government circles, the coalition hopes that can be isolated by winning the support of the Christian Democrat unions, which have close ties with some Cabinet ministers.

The first test of public opinion will be in the June elections for the European Parliament.

Continued on Page 14  
Market monitors, Page 27  
After the budget, Page 13

## Italy to float 20% of Saipem in Milan

BY ALAN FRIEDMAN IN MILAN

ITALY is to sell part of one of its principal state energy subsidiaries to the private sector through a £1,200m (\$7m) share offering on the Milan bourse.

The share issue will be for 20 per cent of Saipem, the oil and gas pipeline laying and drilling company, which is part of the ENI energy group.

When the offer is made in Milan, probably in June, the Saipem exercise will represent the largest new issue ever brought to the bourse.

The issue is being lead-managed jointly by Euromobiliare, the Milan-based investment banking company, and by Soffit, ENI's financial arm. It is expected to be underwritten by about 20 banks and financial institutions, including Banca Commerciale Italiana, Banco di Roma and Credito Italiano.

The Saipem share issue, although not couched in such terms, forms part of a gradual programme of introducing private capital into various state-held concerns. Prof Romano Prodi, president of the IRI state holding group, has already spoken of having off as many as 30 IRI companies with a stock market quotation.

Saipem, which has activities from the North Sea to Nigeria, is a profitable company and is expected to announce a 1983 net profit of £55m, up from £35.5m in 1982. Its 1983 sales revenue was £1,068m, up from £984m.

On a consolidated basis, Saipem's total net earnings for 1983 might reach as much as £50m, and that figure will be taken into account when Euromobiliare calculates the pricing of the shares.

Saipem's order book includes about £2,200m of contracts, equal to roughly two years of revenues. The company employs 12,000 people, half of them part-time contract labourers overseas.

Raising new capital is a matter of some urgency for Italian state holding companies, which last year registered heavy losses. ENI last year reduced its overall deficit slightly, from £1,700m to £1,500m, largely through a reduction of industrial losses.

ENI said recently that it expected to swing into an operating profit of £610m in 1986 and said its cash flow was improving steadily. The group is nevertheless asking the Government for a capital injection of £4,700m for the 1984-86 period.

## Record bond for Texaco

By Mary Ann Sieghart in London

TEXACO, the third largest U.S. oil company, yesterday launched the biggest convertible bond ever in world capital markets. The company is raising \$800m to help restructure its debt after its \$10.1bn takeover of Getty Oil.

The bonds can be exchanged for Texaco shares at a fixed price of \$50 per share at any time in the next ten years. Yesterday the shares were standing at \$38.

Bondholders will receive interest of between 11½ per cent and 11¼ per cent a year. Without the conversion option Texaco would have had to pay at least 12½ per cent more a year, raising the cost by \$20m over the bond's life.


The sale has been organised by the global co-ordinating bank, Credit Suisse First Boston, with assistance from two U.S. investment banks, Goldman Sachs and Morgan Stanley.

The banks will distribute the

Continued on Page 14  
U.S. tax threat to Eurodollar market, Page 14; Capital markets, Page 36

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CONTENTS	
Europe	2-3
Companies	15
America	5
Overseas	4
World Trade	6
Britain	8-10
Companies	18-22
Agriculture	36
Arts - Reviews	11
World Guide	36
Commodities	36
Crossword	34
Crosswords	37
Editorial comment	12
Europe	2-3
Errata	31
Financial futures	37
Gold	38
Int. Capital Markets	28
Letters	13
Lex	17
Market Monitors	27
Men and Masters	12
Mining	21
Money Markets	37
Property	24
Raw materials	27
Stock markets - Europe	27-29
- Wall St	27-29
- London	27, 31-33
Technology	23
Unit Trusts	34, 35
Weather	14
Shipbuilding: the European counter-attack	12
UK politics: after Lawson's budget	13
Arms talks: it takes two to tango	3
Computers: Fujitsu's heart set on U.S. market	16
Management: how women fare in banking	17
Editorial comment: southern Africa; pensions	12
Lombard: chance for tighter trade links	13
Lex: BP; Shell; TI; United Biscuits	14
Technology: robots in the chocolate factory	23
Tunisia: Survey	Section IV

# EUROPEAN NEWS

## Sweden's recovery strategy praised by OECD

### External competitiveness 'stronger than at any time since early 1970s'

THE RECOVERY strategy adopted by Sweden's Social Democratic Government has provided the country with "a major opportunity for improving economic performance," according to the latest report published by the Organisation for Economic Co-operation and Development (OECD), writes Kevin Dome, Nordic Correspondent, in Stockholm.

"Opportunities for correcting the large imbalances that have built up over the last decade have never been better," says the report, which claims that Sweden's external competitiveness is now stronger than at any time since the early 1970s.

The OECD lends its support to Sweden's controversial 18 per cent devaluation, which was pushed through as the key element in the recovery strategy when the Social Democrats returned to power in October, 1982.

The devaluation was attacked for

being excessive by some of Sweden's main trading partners and also came under fire from the International Monetary Fund (IMF).

The OECD report claims that "the initial phase of the strategy has been rather successful."

The inflationary consequences of the devaluation have been kept under control partly through supporting measures from the Government, but also importantly because

## Swiss inch closer to membership of UN

By John Wicks in Zurich

NEUTRAL Switzerland has taken a further halting step towards joining the United Nations.

The National Council, lower house of Parliament, yesterday came out in favour of membership by 112 to 78 votes, on condition that the last word should remain with the people by way of referendum and that the continued neutrality of Switzerland is guaranteed.

In December, 1981, the Government recommended that Switzerland should join the UN. Primarily because it jealously guards its neutrality, Switzerland has remained one of the world's few non-members, though it works closely with most UN organisations.

The four parties represented in the Government ended up on different sides in the house vote. While almost all Social and Christian Democrats (together with non-cabinet left-wing parties and the independents) approved yesterday's motion, it was opposed by the Swiss People's Party and a majority of the Radical Democrats, both of them Government parties.

## Kohl speech reflects hopes for improved German relations

BY JAMES BUCHAN IN BONN

CHANCELLOR Helmut Kohl told the West German Parliament yesterday that the two German states should have a partnership of responsibility for peace and security in Europe.

By using words already used from East German Chancellor Erich Honecker at this week's Leipzig Fair, Kohl said that the two German states should have a partnership of responsibility for peace and security in Europe.

In his report to the Bundestag on the "State of the Nation in Divided Germany," Herr Kohl had some harsh words for human rights practices in East Germany. But he also spoke of the number of improvements in relations despite the chilly East-West climate since the deployment of Nato nuclear missiles in Germany. But he also spoke of the political decisions of the last months. Herr Kohl said in language unusually sober given the traditional phrase-making of the occasion.

Recent weeks have seen little short of a scrubble by West German politicians to travel to the East and one deputy yesterday criticised the pliancy of Conservative politicians in East Germany at this week's Leipzig Fair.

Herr Hans-Joachim Vogel, the opposition Social Democrat leader, yesterday made particular fun of the "Kohlism" version of Herr Strauss, the Conservative leader.

Herr Honecker is expected to visit the Federal Republic later this year. Expectations are also being fed by a host of signals out of East Berlin, some of them contradictory. The East German authorities are approving applications to emigrate to the Federal Republic at a quite unprecedented rate. A member of the state government of North Rhine-Westphalia yesterday said that the East German authorities had approved an application for the West on 10 times the number of cases in 1983.

For this week, East German building workers were seen erecting a new section of the wall that surrounds West Berlin.

## Violence as police halt Lisbon demonstration

BY DIANA SMITH IN LISBON

SIX PEOPLE have been injured in Lisbon in violent clashes between metal workers and riot police.

Fighting erupted when the police broke up an unauthorised march by metal workers and communist union activists to the state-run holding company to protest against non-payment of wages.

Non-payment of wages and benefits such as holiday pay, Christmas bonuses and meal subsidies has become so widespread in hard-pressed public and private companies that official figures show that nearly 93,000 workers are owed Esc 21.6bn (\$162m) by 600 companies.

Many companies heavily indebted to their employees - Europe's lowest-paid labour force, which faced 20 per cent inflation last year and a 9 per cent drop in buying power - are candidates for bankruptcy.

But fasting unemployment more than underpaid employment, workers insisting their wages have helped to prolong the tenuous lives of under-capitalised firms with skimpy order books, costing on bank loans.

## Swedish arms budget

BY DAVID BROWN IN STOCKHOLM

SWEDEN'S RULING Social Democrats and the opposition parties have agreed on a Skr 2.2bn (\$287m) plan to compensate the military for the higher cost of foreign, mainly dollar-denominated contracts, over the next three years.

The final sum is less than half of what the military had asked, but it will let the defence forces retain three fighter divisions threatened by budget cuts, order arms and equipment for the remaining air wings, strengthen anti-submarine defences and contract early for two fast-attack vessels.

The negotiations were troubled by disagreements over how to finance the supplementary package - the final plan will raise funds through a petrol tax and other means - in which the opposition parties called for greater cuts in existing social spending programmes.

## Hungary raises prices

BY LESLIE COLITT IN BERLIN

HUNGARY has carried out a second round of price rises this year in an effort to reduce state price support subsidies.

Milk and cocoa went up 12 per cent, while 70 per cent of confectionery products rose 9 per cent, cosmetics by 20 per cent and paints by 7 per cent.

In January, meat prices rose 21 per cent, home heating oil 20 per cent, beer 15 per cent, cement and bricks by up to 30 per cent and cars 6 to 7 per cent.

Pensioners and large families were given some compensation, but the price rises led to an annual increase in living costs of 2.8 per cent.

## Party meets for first time since Solidarity heyday

BY CHRISTOPHER JACKSON IN WARSAW

THE POLISH Communist Party's three-day delegate conference, which opens this morning in Warsaw, is quite unopinionated - at least in theory.

It is the first time that the delegates to the heads of state congress in July, 1981, will have gathered to assess where the party leadership has been taking them.

Some of the old faces will be missing. In 1981 - the heyday of Solidarity union activity - there were 1,000 delegates. Today there are more than 80. Fifteen have died, and among the 67 expelled since and those with party penalties barring them from the conference will be some of the most liberal of the original delegates. So, too, will Mr Tadeusz Kisielewski, the hero of the hardliners, and now Polish Trade Councilor in East Berlin.

The party leadership has ensured tight control to guard against any surprises. The 48 delegates are seated in the West Palace, Warsaw's grandest building, in a room that was once the country's largest ballroom. The delegates are to give the conference their own candid assessments of the policies of the present leadership. Indeed, in the past few weeks the Government has taken a number of repressive actions against intellectuals to defend critics of this kind.

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# VAT CHANGES

**HOT TAKE-AWAYS**  
Hot take-away food and drink will be standard-rated from 1 May 1984. Details are in Budget Notice 2/84.

**CONSTRUCTION**

- Building alterations and alterations to civil engineering works.
- Construction of garden buildings, such as greenhouses, sheds and most detached garages.
- Installation of most fitted furniture and kitchen appliances.

Will be standard-rated from 1 June 1984. Details are in Budget Notice 3/84.

**IMPORTS**  
The arrangements for postponed accounting for VAT on imports will be withdrawn from 1 October 1984. Details are in Budget Notice 14/84.

**REGISTRATION AND DEREGISTRATION**  
From 14 March 1984 the VAT registration turnover limits have been raised to £18,700 a year or £6,200 in any one quarter.

These limits apply to everyone who is required to be registered on or after 14 March 1984.

If your estimated turnover (including VAT) will be £17,700 or less in the year beginning 1 June 1984 you can apply for deregistration from 1 June 1984 now.

If you have been registered for two years and your turnover (including VAT) has not exceeded £18,700 in each of those years and is unlikely to exceed that level in the year then beginning, you can apply for deregistration after 1 June 1984.

Details of these changes are in Budget Notice 1/84 which also explains how to cancel your registration.

**Further Information**  
All of these Notices are available, with help if you need it, from local VAT offices. You will find the addresses in telephone directories under "Customs and Excise."

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# Italy's Communists put their backs into pushing out Craxi

By James Duxton in Rome

"I GET the impression that if I told people to have themselves vaccinated against socialism, the Communists would tell them not to," Sig Bettino Craxi, Italy's Socialist Prime Minister, complained on television a few days ago.

Sig Craxi is locked in a trial of strength with the Communists. He says he is upholding the right of governments to govern. The Communists are defending the unwritten rule that Italian governments can do nothing of importance without their acquiescence, even though they are permanently in opposition.

At issue is last month's decree on the state of emergency, which gave the government the right to suspend the constitution for three months, as well as limiting certain price rises. The five-party coalition government resorted to this action, unprecedented on an emotional issue as the state of emergency, when it failed to persuade one of the three unions to make a voluntary agreement to cut indexation.

That union is the CGIL, the largest and with a Communist majority. The union had its own reasons for not wishing to agree to a cut, but hardly anyone believes that it was not put under strong pressure from the Communist Party to block a deal at all costs.

**Unbearable sight**

The Communists have long had a love-hate relationship with the Socialist Official Communist Party. The latter, once an ally of the Left, including the Socialists, to sweep the long-ruling Christian Democrats out of power.

So the sight of Sig Craxi, having rejected the Communist invitation, leading a government including the Christian Democrats and trying to carry out a relatively conservative programme, is unbearable for Sig Bettino Craxi, the Communist leader. He declared unreluctant opposition to Sig Craxi's government from the outset.

That has now become all-out war, aimed at nothing less than the fall of Sig Craxi. The Communists are using every obstructive tactic they can to prevent Parliament giving the decree the necessary approval

before it expires in mid-April, and are seriously delaying other important parts of official economic policy. The CGIL has staged strikes and demonstrations all over the country and the climax is to be a vast, "spontaneous" demonstration in Rome next Saturday.

In theory, Sig Craxi is in a strong position. His coalition partners can hardly desert him when he is under pressure over an issue which is in their own programmes, and it seems likely, the decree fails to be approved in time for the Government, immediately reprints it.

**Firm Government**

Sig Craxi is enjoying the sensation of applying the smack of firm government, and has declared that his administration will not be shaken—as so many of its predecessors have been—by mass rallies.

Yet things in Italy are almost never clear cut. An unprecedented rift between the two big parties of the Left would ultimately leave the Socialists with little room for manoeuvre. The employers do not want a permanent split in the union movement, for which the Communists seem to be pressing, unless it leaves the CGIL much weakened, not do they like strikes.

Confrontation is alien to most Italian politicians and there have already been suggestions of alternatives to the decree from Christian Democrats and Republicans in the coalition.

But Sig Craxi could hardly back down unless he obtained much of what he originally wanted from the decree, and he is being pressed not to yield. The two unions favourable to his policy—otherwise they would look stupid for having backed him so far.

The Communists also have something to lose, because the policy that they are pursuing can only appeal to the hard core of their supporters. The basic problem, however, is that being permanently excluded from power, and likely to remain so, they have no incentive to be an accommodating opposition, least of all on an issue like the state of emergency, which has always been said to be the price the party exacts for being kept out.

# Doubts over role of French Communists

By David Housego in Paris

**RENEWED SNIPING** by the French Communist Party against the Government's policies has again raised queries over how long it will remain in the coalition.

Ministers admit embarrassment over this week's attack by the Communist Party against the Government's policies has again raised queries over how long it will remain in the coalition.

That walk-out, provoked by NATO's deployment of new U.S. cruise and Pershing missiles in Europe, plunged already chilly East-West relations into a deep freeze as the Soviet Union subsequently refused to name a date for the resumption of the strategic missile talks (Start) as well as for those now reopening in Vienna.

So is today's gathering the harbinger of a spring thaw in relations between the two major alliances? Western governments see the meeting as symbolically important, an acknowledgment by Moscow that some normalisation is desirable. But few believe that the Mutual and Balanced Force Reduction (MBFR) talks had hope of progress on actual arms control.

Western arms officials see no prospect, for example, of an early resumption of the intermediate nuclear force (INF) talks on limiting Euro-missiles. Despite the marginally less strident rhetoric coming from Moscow since President Konstantin

Chernenko became leader, NATO governments see no sign that the Soviet Union is yet ready to return to these more important negotiations.

Mr Chernenko continues adamantly to insist, as did his predecessor, Yuri Andropov, that the initial deployments of the new cruise and Pershing nuclear missiles in Britain, West Germany and Italy must be cancelled before any talks can be resumed on INF.

**Start outlook**

There is perhaps marginally more hope for a resumption of the Start talks, if only because Moscow is perceived as having a greater interest in trying to limit current U.S. plans to strengthen its strategic nuclear forces by the introduction, for example, of the MX missile.

But it is widely debated whether the time is politically ripe for either side to resume negotiations, as the Chernenko leadership finds its feet in Moscow and the U.S. politicians pick their way through potential election minefields.

The MBFR itself is everyone's least favourite arms control forum. The negotiations, between 12 NATO and seven Warsaw Pact states, have dragged on since 1973, bogged down by opposing views as to what they can and should achieve. NATO has seen MBFR as a means of negotiating away

the post-war legacy of the Soviet bloc's superior numbers of conventional forces in Europe, but two basic issues have stymied the talks for the past decade.

The two sides have failed to agree on whether it is necessary to establish the numbers of troops each has in central Europe before reductions begin—the so-called "data problem"—and they have failed to agree on the nature and strength of the measures which should be taken to verify any reductions that are made.

Currently, NATO itself is divided on whether it can put forward proposals which might help to break this deadlock.

The two alliances have an agreed starting point. The aim is to reduce ground troops to 200,000 each, plus 200,000 each for air force personnel. The countries from which the troops would be withdrawn are for NATO, the Benelux states and West Germany, and for the Warsaw Pact, East Germany, Poland and Czechoslovakia.

NATO has so far maintained that the Pact has some 160,000 more troops in those countries than it has declared, and has insisted that overall totals must be agreed before any reductions begin.

The Warsaw Pact rejects this position, though in proposals last June it did move some way towards the West's stand on verification of actual reductions

# Bridget Bloom reports on the first arms control meeting between the superpowers this year

## Hopes of a thaw as troop talks reopen

According to U.S. officials, Britain has led objections to the proposal and other variants of it on the grounds that it would weaken NATO's demands both for parity and verification. The Foreign Office refers only to natural differences of view while a common position is sought among allies.

There can be little doubt however that Britain is opposed to changes in NATO's negotiating stance—particularly in the requirement that troop numbers be agreed before reductions start—because it fears that such a move would freeze the disparity in strengths between the two alliances.

Officials also see little value in the withdrawal of Soviet troops by only a few hundred miles, while U.S. forces would be moving several thousand miles away.

Despite the efforts of the last few weeks, NATO has not yet reached a common position on the need for, let alone the nature of, new proposals. Certainly, none are expected today.

The British view is that the West might agree to put forward some new ideas later this year, though Bonn and Washington seem to want an initiative sooner than that. No one, however, holds out hope that, if and when it comes, the initiative would really get the MBFR rolling again.

discussions on insignificant technical measures."

The 16 NATO members have solidly resisted Warsaw Pact attempts to make Stockholm a forum for discussing much wider political measures, such as treaties on the non-use of nuclear weapons, ceiling on military expenditures or bans on chemical weapons. Western delegates argue that Stockholm is not the appropriate forum for this discussion.

The East bloc disagrees. "We cannot share an approach that says that the main danger comes from land-based conventional forces," says Ambassador Konarski, head of Poland's delegation. "To separate nuclear and conventional forces is month by month becoming more difficult. We say the NATO concept is too narrow."

the Conference on Security and Co-operation in Europe (CSCE), which opened in Helsinki in 1973.

Once the drama of the first week's meeting in Stockholm between Mr George Shultz, the U.S. Secretary of State and Mr Andrei Gromyko, the Soviet Foreign Minister had abated, the West moved quickly to introduce its six-point package aimed at trying to reduce the risk of surprise attack or miscalculation in Europe created by troops moving out of barracks on unexpected manoeuvres.

In the nine weeks since they have plugged away at explaining these measures, a process which Mr Oleg Grinevsky, head of the Soviet delegation, claimed at one point was "pushing into a boggy quagmire of endless

the U.S. has come in for strong polemical attacks from Warsaw Pact delegates. At one point Mr Igor Andropov, son of the late Soviet leader, accused the U.S. of preparing to launch a nuclear war.

Informal diplomatic contracts at the conference have been established on a much more friendly basis, however. Behind the rhetoric, a number of East bloc delegates have indicated their countries' willingness to consider expanding the modest confidence building measures already contained in the Helsinki Final Act. It is here that the West believes that progress might possibly be made.

Official proposals have now been tabled by the 16 NATO countries, by Romania, and by a bloc of eight of the neutral

and non-aligned countries. The West is anxious not to pressure the Soviet Union into tabling unrealistic early proposals from which it would later find difficulty in retreating.

For the moment, it is felt that the Soviet Union is still suffering from the hangover caused by the break-down of the Geneva nuclear missile talks, and until a forum is found again for nuclear weapons discussions this issue could continue to cloud the Stockholm talks.

In a speech this week to the conference, Ambassador Michael Edes, head of the UK delegation, still felt able to see a "reasonably healthy balance" to the first session. "Our school report may not be alpha plus. But it is, I think, a respectable beta. The lesson for next term is perhaps to try harder."

# 'Try harder next term' is the message from Stockholm

By Kevin Done, Nordic Correspondent in Stockholm

"IT TAKES two to tango," said one senior Western diplomat attending the European Security conference. "You can tango with yourself for a while, but that cannot go on for ever."

It is still too early to tell when NATO and the Warsaw Pact—escorted by the neutral and non-aligned states—will be ready to take to the floor together, but some delegates feel that at least a basis for negotiations is slowly emerging.

"We may not have achieved an authentic dialogue, but we are talking, maintains ambassador James Goodby, head of the U.S. delegation.

The conference—officially titled the Conference on Confidence and Security Building Measures and Disarmament in Europe—is the latest tentative step along the path started by

the Conference on Security and Co-operation in Europe (CSCE), which opened in Helsinki in 1973.

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# ENERGY BLUEPRINT

PLANNED EFFICIENCY AND ECONOMY IN THE USE OF ELECTRICITY. 21

To extend their trade all the year round, the owners of a small Devon hotel needed to improve their heating. They specified electric storage heating because it would be economical to install and run. Another factor was the need to avoid any unnecessary disturbance to the building fabric. As a listed Georgian building, the Laston House Hotel at Lifford has an original Adam staircase.

The owners, Jim and Anne Biggin, were well satisfied on both counts. "The storage heaters were fitted in so easily without any mess or disruption. It all went as smooth as silk."

As for economy there was a £6,500 saving over the alternative installation of a fuel-fired system. The running costs have turned out very reasonable, too, with automatic controls and by using low night rate electricity. The cost of heating the whole building throughout the year, 1981/82, amounted to less than £1 per week for each lettable room.

Any need to adjust the heaters frequently by hand has been overcome with energy-efficient controls. An outside sensor automatically regulates the overnight charge to the heaters according to the external temperature.

Now, with the new system operating the hotel offers a warm welcome

## Economic electricity stores up a warm welcome



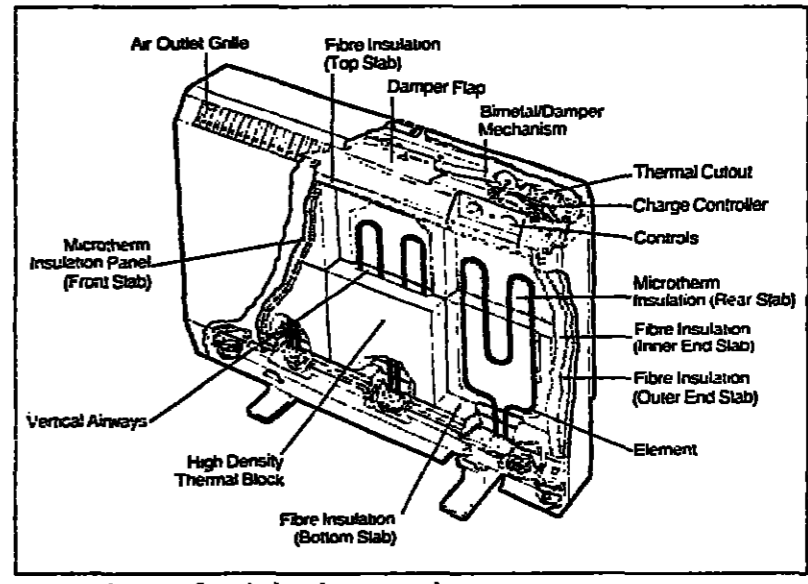
Laston House Hotel where storage heaters provide clean, reliable warmth throughout the year. A relatively small investment has assured returns in comfort and economy for both the hotel owners and their guests. For more information tick box no. 1.

## Advanced storage heaters bring high performance at low cost

Developments in storage heating technology have been steady and considerable, but surprisingly they are little understood. They offer benefits to a wide range of premises, in particular shops, offices and hotels both new and those due for modernisation. In all these premises, heaters of advanced design, allied to more efficient controls, offer economic and flexible heating with the cleanliness and reliability of electricity.

For example, the newest slimline heaters are less than six inches deep, a design made possible by the use of new materials. The storage core is of high-density iron oxide which has 68 per cent more heat capacity than the earlier materials. And more dramatic still is the Microtherm insulation. Developed for use in the latest high-performance military aircraft, it is three times as effective as the traditional mineral wool. Incorporating these two developments has produced a new generation of compact heaters with good performance on the seven-hour night tariff.

Automatic controls now determine the amount of heat to be stored at night to meet the following day's needs. Regulation to within one or two



Cutaway diagram of a typical modern storage heater.

degrees Celsius is possible in offices or shops where heating is only needed during the working day. Damper controls allow some heat to be held back for release at any time when a boost may be needed.

Storage fan heaters and Electricaire warm-air systems are even more controllable; the output is regulated by thermostatic switching.

Storage heating systems have always had a good reputation for reliability and low capital costs. Now with their technical advances and the cost advantages of night-rate electricity they offer highly competitive heating systems both in terms of performance and operating costs.

For more information tick box no. 1.

## New code for interior lighting

Those concerned with the provision of energy-efficient lighting will be helped by the publication of a new edition of the Code for Interior Lighting.

The Illuminating Engineering Society (IES) has produced, at intervals since 1936, a code of recommendations for interior lighting, the last in 1977. In the early days it was mainly concerned with the quantity of light to be provided for the performance of visual tasks. This has always been a subject for discussion because the requirements vary widely between individuals (age, eyesight, etc) and tasks, ie, size and contrast of detail to be seen, the level of speed and accuracy required, and the length of time over which the task must be performed.

Over the years the IES Code became internationally respected and the emphasis on quantity of light was complemented by greater consideration of the quality of the visual environment. The recommended levels of lighting have remained substantially unchanged over the last ten years.

In 1978, the IES amalgamated with the Chartered Institution of Building Services (CIBS) and the first Code from the new body has now been published. This deals with the quality aspects of lighting—colour rendering and appearance, direct and reflected glare, spatial distribution of luminance, and so on. Quantity of light is also dealt with in detail, the recom-

mendations having been based on a consensus of current practice. Of particular benefit is the practical guidance given on the choice of light sources and luminaires and the reference to their energy effectiveness and to possible control systems.

If you are involved in the specification or design of lighting installations, or merely want to find out more about a fascinating subject, the CIBS Code for Interior Lighting is essential reading.

Tick the box for an order form or contact the Chartered Institution of Building Services, Delta House, 222 Balham High Road, London SW12 9BS. Tel: 01-675 5211.

For more information tick box no. 2.

### Electric storage heating: the basic advantages

- Uses low-cost energy stored at night for day-time use.
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- Is quick and easy to install, and takes up very little space.
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- Does not tie up money and space simply to store fuel.

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OVERSEAS NEWS

Second year test for Hawke: matching substance to style

BY MICHAEL THOMPSON-NOEL IN SYDNEY

A YEAR after his landmark general election win last March, Mr Bob Hawke, Australia's irascible Prime Minister, still reigns supreme Down Under. Moreover, he is still exhibiting the glossiness and virility of the Australian sporting heroes whose feats he monitors so closely.

The "excesses of negative and destructive conflict which had characterised Australian life in the past" have been smoothed away, he says. The chief challenge facing the Hawke Government last March was the economy. Between April 1983 and January 1984, seasonally adjusted unemployment fell from 10.3 per cent to 9.5 per cent. Inflation has fallen from over 11 per cent to 8.6 per cent, while the first half of 1983-84 saw a significant improvement in the balance of payments surplus, from A\$2.2bn to A\$3.1bn (£2bn).

In addition, says Mr Hawke: "A centralised wage-fixing system is now firmly in place throughout Australia; legislation establishing the Prices Surveillance Authority has been passed; taxation arrangements have been changed; the equity and efficiency of the taxation system is being discussed, and major job creation programmes have been introduced."

Most commentators caution, however, that Australia's inflation rate remains markedly out of line with that of most other industrialised nations. Hill Samuel Australia, said recently that due to the return to full wage indexation, a 4.1 per cent national wage increase was likely to flow into the system covering the six-month period to December 1983, and that there should be "no complacency as regards the slightly longer-term economic outlook."

Because of the recession, the number of working days lost through industrial disputes has sunk to a 15-year low however, an improvement that has been noted by Australia's major trading partners in Asia. The pay and prices pact between the Australian Labor Party (ALP) and the Australian Council of Trade Unions, which was Mr Hawke's key election weapon last March, has held firm so far. But there is concern that as the economy recovers, and profits improve, the unions' penchant for large wage demands with which to underwrite the sybaritic Australian way of life will reassert itself.

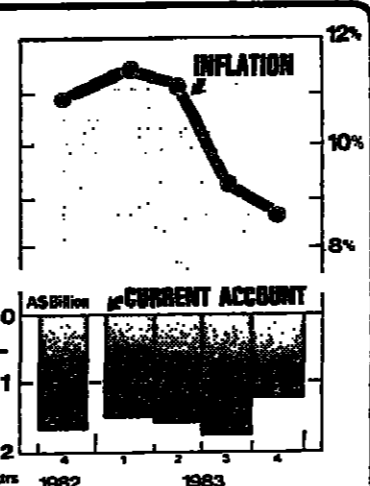
In other areas, the Hawke Government has used its first year to speed the pace of financial deregulation by floating the dollar and dismantling a bevy of foreign exchange controls. The signs are, however, that it is not yet ready to welcome in foreign banks on anything but a minority shareholding footing. It has introduced a national health insurance scheme expanded the public housing programme, abolished blatant

tax concessions, attempted to attack tax avoidance, and tried to promote racial and ethnic equality (a difficult task, given the chauvinism and intolerance of the Australian character), and substantially boosted funding for Aboriginal advancement programmes. Above all, Mr Hawke has used his first year to preach the need for Australia to "enmesh" its affairs with those of the region and to forge close personal ties with Asian leaders. Although there is some concern over the changing nature of Japanese-Australian trade (Japan took 27.1 per cent of Australia's exports in 1982-83, against a peak of 24.5 per cent in 1976-77), Mr Hawke is on excellent terms with Mr Yasuhiro Nakasone, the Japanese Prime Minister.

During his recent five-nation Asian tour, Mr Hawke was struck by the speed and extent of economic development throughout the region. "For example, the interest that Premier Zhao demonstrated in the integration of the iron and steel industries of Australia and China is indicative of the scale of possibilities which exist," he said. He feels that the importance of what is happening in China is too rarely appreciated. "I am convinced that the fundamental changes taking place in China today, in its economic philosophy and practices, hold major implications for all countries," he says. Recently Mr Hawke virtually confirmed that he will call a



Hawke's first year



Demonstrations hit top ten Indian ports

By K. K. Sharma in New Delhi WORK IN India's 10 major ports was disrupted yesterday with daylong demonstrations by 300,000 dock workers who are to begin an indefinite strike today in support of wage demands which the Government has rejected. Talks to avert the strike collapsed on Wednesday and leaders of four union federations, including the Indian National Trade Union Congress owing allegiance to Prime Minister Indira Gandhi, refused to renew negotiations yesterday.

S. Africa, Mozambique stage bush public relations exercise

BY J. D. F. JONES IN JOHANNESBURG HEADS OF government of South Africa and Mozambique will meet today in the no-man's land near the border town of Komatiport to sign a non-aggression treaty which has been greeted with jubilation by most white South Africans. South African Prime Minister P. W. Botha, and President Samora Machel of Mozambique will sign the "Nkomati Accord" whose details have not yet been published but which will cover economic relations in addition to pledges not to harbour or support each other's enemies.

President Machel agreed to negotiate with Pretoria under pressure of economic disaster and a serious internal revolt. It does not follow that the other regional governments will feel similarly compelled to sign treaties with the apartheid government whose ideology they continue to deplore. In Mozambique's case the non-aggression pact is expected to be accompanied by aid agreements designed to rescue the country's economy. After talks near Cape Town earlier this week it was confirmed that the negotiations had focused on future tariff levels and on the possibility of a joint security force to protect the power lines that carry the Cahora Bassa electricity into the South African grid.

Finally, South African diplomats led by Mr P. K. Botha, the Foreign Minister, are at the same time pressing on with negotiations to extend the ceasefire in the Angolan border war, which is intended to lead to a Namibian settlement.

Zimbabwe temporarily halts foreign share deals

By Tony Hawkins in Harare THE ZIMBABWE Central Bank yesterday temporarily suspended dealings in external securities held by nominee companies within the country for the purposes of what was officially called a routine audit. In terms of exchange control regulations first introduced 23 years ago, investors such as shares or Government stock quoted on major international capital markets, are required to lodge them with nominee companies. This is to prevent funds from being siphoned out of the country in the form of share or bond certificates. Bankers cannot recall a previous audit of this kind but many were yesterday reluctant to say why they had been ordered to suspend dealings into the move, saying that it made sense for the authorities to want to ascertain the precise value of these "unofficial" foreign reserve holdings and to ensure that the nominee companies, such as the banks, actually do hold the securities listed in their names.

Lebanon conference agrees to release all political prisoners

BY ANTHONY McDERMOTT IN LAUSANNE THE LEBANESE reconciliation conference yesterday agreed that political prisoners held by all factions should be released and that the judicial processes affecting prisoners of the state should be speeded up. This gesture, aimed at keeping the momentum going, was the second tangible achievement of the conference now in its fourth day. But the prospects of an overall peace-accord emerging soon remain distant. An adviser to President Amin Gemayel said that only one item of a four-point agenda—the cease-fire—had so far been completed. The second, on constitutional reform, was still under discussion. The left two critical outstanding issues: the liberation of the country from Israeli (and, presumably Syrian and Palestinian) forces, and the formation of a new Government.

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IRAQI officials claimed yesterday that their forces had secured a bridgehead on the Tigris river, seized by Iran during the latest round of fighting in the Gulf war. Both countries reported heavy fighting around the Najaf area. Iraq said it had thrown back on Iranian offensive and killed over 1,700 of the attacking force. Military commanders in Baghdad said they were more concerned about an anticipated Iraqi offensive in the east of Basra, Iraq's second largest city. Over 250,000 Iranian troops and Revolutionary Guards were said to be massed near the international border.

Advertisement for The Army Benevolent Fund. Text: 'In war, in peace you need his help'. Image of a soldier. Text: 'When help is needed, please help him and his dependants'. A donation, a covenant, a legacy to THE ARMY BENEVOLENT FUND will help soldiers, ex-soldiers and their families in distress. DEPT. FT. 41 QUEEN'S GATE, LONDON SW7 5HR

Advertisement for Religious parties raise problems for Shamir. Text: 'ISRAEL'S RELIGIOUS parties, embroiled in bitter controversy over Sabbath observance, posed fresh problems yesterday for Prime Minister Yitzhak Shamir's coalition by pressing for new powers for rabbis, writes Our Foreign Staff. The Bill would allow rabbis to stop an excavation once bones had been found. For years, bearded, black-coated ultra-orthodox Jews have protested that archaeologists were desecrating ancient Jewish graves. They have repeatedly disrupted excavations with huge, sometimes violent, demonstrations. Last October, when Mr Shamir formed his Government, Agudat Israel said it gained a signed commitment from the Prime Minister to push through the legislation. The party warned then it would leave the coalition if the Bill was not enacted. Some Government members and the opposition have resisted the measure. The Government has a four-seat majority in the 120-member Parliament, leaving Agudat Israel, and other religious groups in the coalition, holding the balance of power. This week, Agudat Israel leader Avraham Shapira threatened to defect over weekend clashes over Sabbath observance between secular and religious Jews in the Tel Aviv suburb of Petah Tikva.

Advertisement for Chinese trade with W. Europe rises 20%. Text: 'By Mark Baker in Peking CHINA yesterday reported a 20 per cent jump in its trade with Western Europe last year but said export growth stagnated. Trade volume reached \$2.65bn (£1.5bn), the highest level ever and a record 16.7 per cent of China's total trade volume for the year. But while China's imports from Western Europe rose 37.5 per cent to \$4.5bn, its exports to Europe were up 12 per cent to \$2.6bn—leaving a deficit of \$1.9bn. China's imports from EEC countries rose 36.6 per cent to \$3.39bn. The biggest percentage increase was in imports from France (up 127 per cent) and Britain (up 117 per cent). Mr Huang Wenjun, the official spokesman for the Chinese Trade Ministry, said China's trade position with Western Europe had weakened because of her poor export marketing, sluggishness in European markets and restrictive trade policies. "We have to change the commodity composition to meet the needs of the West European market and improve our skills at marketing," Mr Huang said. "We also hope that the governments of West European markets will put fewer limitations on our exports." China hoped, in particular, that West European countries would liberalise their policies on technological transfers. Mr Huang said the biggest increases in Chinese imports last year were chemical fertilisers, agricultural machinery, steel, copper, timber, sugar and grain.

Advertisement for Sharp slowdown in West Bank settlement drive. Text: 'THE RECESSION and problems with private construction companies are being blamed for a sharp slowdown in Israel's fiercely controversial settlement drive in the Palestinian West Bank. After a burst of building activity that has taken the Jewish population in the occupied territory to over 30,000, the Government has had to cut back its projection for the rest of the year. The programme, denounced by almost the entire Western world, has recently attracted adverse publicity at home as well, following the collapse of a major building project in the West Bank district of Nofim. The Nofim township, the first to be entirely funded by private enterprise, was designed as a community for 10,000 people. The aim was to attract commuters with cheap housing rather than religious and nationalist settlers. Following last autumn's economic crisis, however, the project ran into liquidity problems. According to the Housing Ministry it ran up debts of over \$8m and 200 home purchasers have lost their money. Mr Uval Neeman, the Right-wing hard liner who is acting chairman of the Government's settlement committee, lamented in Parliament that there was not enough private settlement. Because of the Israeli recession, the Government's settlement budget has been cut by 15 per cent and only 12 small new outposts are planned for the next year. A few months ago Ministers were talking of moving between 80,000 and 100,000 Israelis into the West Bank by 1985. The forecast now is about 65,000 compared to a Palestinian population of some 800,000.

Advertisement for Young Workers Scheme. Text: 'So you thought you couldn't afford young workers? Well now you can. If the cost prevents you from taking on extra staff, the Young Workers Scheme offers a solution at a price you can afford. From 1 April, if you take on an eligible young person earning £50 a week or less, you may be able to claim £15 a week. Employers will be able to take on young people who have been out of school for a year. Those who leave school at 17 will be able to join the scheme immediately. To receive your free copy of the revised booklet which explains the Young Workers Scheme in full, simply send us the coupon below or phone 01-213 4065. Please send me your free booklet giving full details of the revised Young Workers Scheme. Name: \_\_\_\_\_ Company: \_\_\_\_\_ Position: \_\_\_\_\_ Address: \_\_\_\_\_ Post to: Andrea Davies, Young Workers Scheme, P.O. Box 702, London SW20 8SZ. YOUNG WORKERS SCHEME Department of Employment DE

Advertisement for Florida Homesites. Text: 'Florida Homesites only 48p per square foot. Yes, Florida is still affordable. And you can begin a property ownership program with a small down payment and easy monthly terms. But even more important you will be buying a home in a growing and successful DeLtona community where happy people are now living. DeLtona communities are easy to live in, beautiful, spacious, clean, safe, and fun. DeLtona communities are also located in growing areas of Florida. Where thousands of people are building homes and in the future, you will be one of them. Why now? Because the U.S. Census Bureau predicts that more than seven million people will move to Florida by the year 2002, and these people will need homes—and need to build them now. If you are ready to live in Florida now... You can purchase a Florida Homesite for as little as \$24,480, plus Homesite. These are complete homes, with many conveniences at a price you can't believe. Send for brochures and details today. The DeLtona Corporation, 3250 S.W. Third Avenue, Miami, Florida 33135. Please write to the nearest office listed below. Send for brochures and details today. Name: \_\_\_\_\_ Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

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AMERICAN NEWS

Industrial output in U.S. rose 1.2% last month, says Fed

BY STEWART FLEMING IN WASHINGTON
INDUSTRIAL production in the U.S. reached new peaks in February with particularly strong gains recorded in the output of construction, supplies and domestic goods, the Federal Reserve Board reported yesterday.

Watergate ghost haunts Meese

By Reginald Dale, U.S. Editor, in Washington
PRESIDENT REAGAN'S choice of Mr Edwin Meese as Attorney General ran into fresh controversy yesterday with the publication of further revelations about his past activities.

Pinochet hopes for economic recovery as opposition plans to unseat regime

BY MARY HELEN SPOONER IN SANTIAGO
AFTER A SUMMER of relative calm, the opposition in Chile is now preparing for a fresh attempt to dethrone the Pinochet regime.

Chileans face a winter of discontent

BY MARY HELEN SPOONER IN SANTIAGO
In addition, food tends to be cheaper during the summer, and households enjoy lower fuel costs.



Sr Carlos Caceres economic recovery under way

rescheduling committee cautioned that the "monetary and fiscal expansion may not be sufficient to provide economic recovery or achieve a real improvement in the private sector's financial situation."

Hart opens lead as battle moves to Midwest

By Reginald Dale, U.S. Editor, in Washington
SENATOR Gary Hart and former vice-president Walter Mondale yesterday took their battle for the Democratic presidential candidacy to the industrial Midwest, where two states, Michigan and Illinois, are to vote in the coming days.

U.S. plans new control to curb 'laundering'

By William Hall in New York
THE U.S. Treasury is planning to introduce new regulations requiring banks to produce information about international wire transfers in an effort to curb the "laundering" of drug money and the earnings from Mafia-controlled activities which are being channelled into offshore bank accounts.

It's not impolite to ask the age of a Lufthansa plane.



Rebel attack ends truce talks with Colombians

BY TIMOTHY ROSS IN BOGOTA
THE Government of President Betancur has declared a state of siege in four departments of Colombia to give the armed forces the greater powers needed to meet a surge in activity by illegal armed groups.

Alfonsin calls for unity

BY JIMMY BURNS IN BUENOS AIRES
PRESIDENT Raoul Alfonsin of Argentina yesterday appealed for national unity to reinforce democracy and to help pull the country out of its current economic crisis without resort to "unacceptable" recessive measures.



WORLD TRADE NEWS

# Iraq and Jordan in venture to build oil pipeline

BY RICHARD JOHNS

IRAQ has committed itself to the construction of an oil pipeline, with a prospective capacity of 1m barrels a day, to the Gulf of Aqaba in a joint venture with Jordan.

Baghdad's decision has been made following encouragement from the U.S. Administration, in particular during the visit to Iraq earlier this year of Mr Donald Rumsfeld, President Reagan's special envoy.

Bechtel of the U.S. is expected to be one of companies chosen for the design and engineering for which three or four contracts may be awarded on a sectional basis to speed implementation of the project.

The Iraqi Government believes it could be operating within a year or so of construction start-up if mooring buoys are used to load tankers.

Iraq evidently plans to go ahead with a pipeline outlet through Jordan as well as the facility crossing Saudi Arabia to the Red Sea which was decided on last autumn.

Completion in full of both projects would eventually—in 1986 or 1987—give Iraq an extra export capacity overland, by-passing the Strait of Hormuz, of 3m-4m b/d.

Iraq, though, could have difficulty in raising finance for two such major investments. Despite Washington's enthusiasm for the pipeline to the

Gulf of Aqaba it seems that support from the U.S. Eximbank will not be forthcoming. Morgan Grenfell the UK merchant bank, is advising Baghdad on both projects.

The trans-Jordanian facility would be built in two 500,000 b/d phases and link the K3 pump station in western Iraq with the Gulf of Aqaba, a distance of more than 500 miles.

Brown and Root of the U.S. are front-runners to supervise the project for transporting Iraqi oil across the Arabian Peninsula to Yanbu.

The State Organisation for Oil Projects is understood to be planning to break up the work as a whole into five separate packages: detailed design and engineering, construction, pipeline, the terminal, and pump stations.

This project is also in two phases. The first involves a link from Iraq's southern fields to the Saudi east-west pipeline which would allow up to 500,000 b/d to pass through the existing Saudi facility, and the second would be a separate, parallel pipeline with a capacity of 1.6m b/d.

Capacity of the pipeline to the south-eastern Turkish coast, Iraq's only export outlet at present apart from trucks carrying refined products, should be raised to 1m b/d by mid-summer compared with current throughput of about 900,000 b/d.

# Qatar close to finalising \$4bn gas agreement

By Angela Dixon in Abu Dhabi

QATAR is close to finalising agreement with British Petroleum and Compagnie Française des Pétroles on implementing a \$4bn (£2.5bn) project for exploiting the state's off-shore North gas field.

The greater part of the gas produced will be liquefied for export, with an annual output of 6m tonnes a year envisaged, despite the fact that no purchasing commitments have yet been secured.

The Government has had talks with prospective customers from Europe, the U.S. and Japan. The most likely markets are considered to be Japan and Taiwan.

BP and Shell were selected just over a year ago as prospective partners with a 75 per cent share each in any liquefied natural gas (LNG) venture. From a number of interested companies including also Japan and Taiwan.

A memorandum of understanding about developing the North field, one of the biggest single gas deposits in the world, was given last June. The proved reserves were recently estimated at 180 trillion (million million) cubic feet.

It is believed that the joint venture, to be known as the Qatar Gas Company, will be able to take advantage of an increase in demand for energy in general, and gas in particular, in the early part of the next decade.

Qatari officials say that they hope to start development of the field as soon as possible with output starting in 1991-92.

# The undertaking has serious political overtones, with vital questions still unresolved

## GEC delivers bid on China nuclear plant

BY ROBERT COTTRELL IN HONG KONG AND IAN RODGER IN LONDON

BRITAIN'S General Electric Company yesterday delivered 50 volumes of material in Hong Kong constituting its bid to win one of the two major contracts in the building of a 1,900 Mw nuclear power station at Daya Bay in China's Guangdong province.

The station, intended mainly to supply power to Hong Kong, is expected to cost up to \$4.6bn (£2.2bn) and is scheduled to begin operation in 1991.

The bidding for the main components of the station is unusual in that no competitive tenders have been called. GEC alone was invited to submit proposals for the so-called "conventional island," two 950 Mw turbine generators and the outgoing switchgear.

Similarly, Framatome of France is the sole bidder for the pressurised water nuclear reactors. Its bid was delivered a month ago.

The bids are now being reviewed by three groups of outside consultants. Provided they are satisfied, GEC and Framatome will be awarded contracts estimated to be worth roughly one-third each of the project's total cost. It would be the first time the two worked together on a nuclear power station.

A GEC official said it had been in some ways more

difficult to prepare a tender without competition than with it.

"It doesn't make any difference to the effort we put in. If anything, you put in a little more to try to stop them from going out later for competitive tenders. It is difficult, knowing that you are going to be faced with a price that is an opinion rather than the result of bids on the table."

The consultants hired to review the bids are Bechtel of the U.S., Swiss Power Consultants, a joint venture of Electro-watt and Motor-Columbus, and Quadrex, Gibbs, Hill, a joint venture of the U.S. consultants, Quadrex and Gibbs and Hill. Their conclusions are expected by mid-year.

Separately, Electricité de France (EDF) is likely to play a leading role in overall management of the project.

The project, a joint venture between investors in Hong Kong and China, is to be financed 90 per cent by borrowings which will be repaid with hard currency earned from selling power to Hong Kong.

The venture carries significant political overtones, since its inception coincides with negotiations between Britain and China about the future of Hong Kong. Britain's lease over most

of its last major colony expires in 1997.

Much of the project's financing is expected to come from supplier credits. GEC, advised by J. Henry Schroder Wagg and Frantome, supported by the Banque Nationale de Paris, have put forward financing proposals along with their bids. Britain's Export Credits Guarantee Department could guarantee up to 85 per cent of the value of GEC's order.

Analysis says, however, that the Bank of China will be expected to guarantee all debt associated with the project, effectively insulating lenders from the political risk associated with the possible impairment of Hong Kong's long-term ability to yield enough hard currency.

The caprolting 75 per cent

equity stake in the venture will be held by China's Guangdong Power Company, the rest by a new Hong Kong company, the Hongkong Nuclear Investment Company.

HKNIC is to subscribe for HK\$800m (£70m) in equity and China Light and Power (CLP), the larger of the colony's two electric utilities, has taken the lead, with a commitment to provide up to HK\$200m.

The Hong Kong Government has offered to guarantee up to HK\$600m of loans to HKNIC. It may, therefore, be possible for HKNIC to raise the balance of its finance through an issue of Government-guaranteed bonds, perhaps convertible into equity once the power station is operating.

The Hong Kong Government is being advised on the economic and financial implications of the project by Lazard Brothers, the London merchant bank. Lazard's principal report was delivered last September and formed the basis for the Hong Kong Government's initial approval for the venture.

Hong Kong Electric Holdings, the territory's smaller utility, says it does not want to participate in the project because it believes it can expand its local conventional capacity more cheaply.

For its part, Guangdong Power will pay for its equity subscription in land, materials and labour rather than cash. The whole of the power station will revert to Chinese ownership after 20 years of operation, a typical proviso in joint ventures in China.

Among important questions still to be resolved are the contracts for the power transmission lines and the off-take agreement between CLP and Guangdong Power.

It is expected that about 70 per cent of Daya Bay's power will be sold to Hong Kong, providing about 15 per cent of the colony's needs, but CLP would want to keep some flexibility in its commitment.

The Daya Bay station will be about 50 miles from Hong Kong's urban centre. One proposal is that China pay for the transmission lines within its territory and Hong Kong likewise, but there is no urgency in settling the matter.

Bankers will be watching with interest the role of the Bank of China. It will be making a guarantee of unprecedented magnitude, perhaps one-fifth of its foreign exchange reserves, and is clearly planning to play a leading role in mobilising funds from other banks.

# McDonnell-Douglas studying MD-80 airliner derivative

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

McDONNELL-DOUGLAS of the U.S. is studying a possible new derivative of the highly successful MD-80 twin-engine airliner. The latter power-plant is being developed by a group of seven companies in five countries, with Rolls-Royce of the UK and Pratt and Whitney of the U.S. the project leaders. The engine is expected to be available around 1988 and probably will be used in the A-320 Airbus also.

The MD-88 would have a 57-inch "plug" built in to stretch the fuselage to give more seats and in addition to the V-2500 engines, it would have a new flight deck with cathode ray tube displays, an improved tail, wing leading edges and make greater use of lightweight materials.

A firm decision to launch the MD-88 has not yet been taken. McDonnell-Douglas will watch

the market closely and especially the A-320's success or otherwise, before making a commitment.

McDonnell-Douglas is basing its case for this further derivative of the MD-80 on the fact that between 1985 and the early 1990s the pace of technological improvement in aircraft with the high cost of money, will not justify the development of an entirely new aircraft, such as the A-320, costing close to \$2bn (£1.2bn).

Recognising that eventually, in the later 1990s, an entirely new short-to-medium range twin-engine aircraft will become necessary, however, the company is studying the possibility of reverting to turbo-propeller aircraft, using the latest "prop-fan" technology.

Such an aircraft would have between 10 and 15 per cent less direct operating costs than

a pure jet, through 30-40 per cent lower fuel consumption.

McDonnell-Douglas has proposed a "prop-fan" demonstrator programme to the U.S. National Aeronautics and Space Administration that would cover four years and cost some \$90m.

This would be designed to prove the claims for turbo-propeller aircraft to meet the world's expanding short-to-medium range requirements for the late 1990s and into the next century.

But it does not alter the company's current belief that it can meet the challenge of competition from the A-320 with the extension of its existing MD-80 series of aircraft, and even before the MD-88 is formally launched, the company will be continually improving the existing MD-80 models available.

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*This announcement appears as a matter of record only*

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February 1984

# Boeing-Japan airbus rival move

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BOEING of the U.S. and the Japanese aerospace industry have signed a Letter of Understanding, providing for possible future collaboration on a rival 150-seat airliner for the European Airbus A-320, now under development.

The Japanese have been working for some time on a prospective 150-seat airliner venture called the YXC. Boeing has a number of studies for potential 150-seaters, including the "7 Dash 7," and derivatives of the existing Boeing 737-300 short-to-medium range jet, such

as the Series 400 and 500 aircraft.

No decisions to press on with any of these ventures have yet been taken.

The plan now agreed between Boeing and the Japanese provides for joint participation in such a venture, when it is eventually decided to go ahead.

Of potential development costs of about \$1.7bn (£1.2bn), the Japanese industry would bear about \$402m, or 25 per cent, with Boeing and other prospective partners (yet to be decided) finding the rest.

The aircraft would use the V2500 engine, now under development by International Aero-Engines, the seven-company, five-nation group that includes Rolls-Royce, Pratt and Whitney, several Japanese engine companies, MTU of West Germany and Fiat Aviazione of Italy.

The companies involved in the latest Boeing-Japanese plan are: Mitsubishi Heavy Industries, Kawasaki Heavy Industries, Fuji Heavy Industries and the Japan Aircraft Development Corporation.

# Tokyo 'will delay software laws'

BY DAVID GARDNER IN MEXICO CITY

DR HISASHI SHINTO, influential head of Nippon Telephone and Telegraph (NTT), predicted yesterday that the Japanese Government would postpone at least until next year its current controversial attempt to write new patent and copyright laws covering computer software.

The president of Japan's telecommunications monopoly, whose privatisation Bill is also the subject of heated debate at present, commented that it was simple "common sense" to take a longer look at the issue.

At present, two Japanese ministries, International Trade and Industry (MITI) and edu-

cation, are locked in a bitter bureaucratic battle ahead of a notional March 27 deadline, by which time all non-financial bills are supposed to be submitted to the Diet.

MITI has proposed a radical new law whose impact would be, its critics charge, to favour software users over software creators, and which might also be in violation of international conventions to which Japan is a signatory.

The Education Ministry's Cultural Affairs Agency, with the active backing of the U.S., contends that computer programmes are intellectual, not industrial, property and entitled to different protection under the law.

Dr Shinto, who has been deeply involved in both this issue and the NTT bill, suggested that the existing "heavy discussion" would be better delayed until next year, when a new industrial property law is due to be drawn up.

However, he declined substantive comment on the NTT bill, where MITI, this time with qualified U.S. support, seems to be succeeding in its attempt to persuade the Post and Telecommunications Ministry (MPT) to withdraw some of its more stringent proposed controls on foreign investment.

He conceded that international pressure had also helped to make MPT more flexible.



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إلى أمريكا

# Mr. Foster was posted to Jeddah. His wife was sent to Coventry.

An overseas posting is often seen as a promotion. Sadly, in many cases, it promotes only stress, divorce, alcoholism and breakdown.

In a recent article, *The Economist* looked at the perils of working abroad. One American survey estimates that one in three American managers fail to complete an overseas tour of duty. Even for European companies the figure is one in seven.

For the company, such failures are expensive.

The typical cost of relocating a manager and his family is about £100,000.

For the family, the price can be even more catastrophic. The wife of one British manager who was sent to Saudi Arabia found herself "virtually confined to a hotel bedroom."

After four months of loneliness she quit, leaving Saudi, her husband and her marriage behind her.

*The Economist* analysed the reasons for such failures and explained what some large companies are doing to prevent them.

It was an article you should have read.

Each week, *The Economist* looks at business throughout the world.

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What's the link between the soft-drinks market in America and the price of real-estate in Hawaii?

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If you've never read *The Economist*, we suggest you really shouldn't leave it much longer.

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**The Economist**



Mr. Foster is a fictitious name but the incident is true.

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## UK NEWS

## Slowdown in pace of lending by banks

BY PHILIP STEPHENS

THE SHARP expansion of bank lending which has put upward pressure on Britain's money supply in recent months slowed in February, and the main measure of broad monetary conditions moved back to well within its target range.

The Bank of England said yesterday that lending by the banks to the private sector totalled just over £1bn in the month to mid-February, down from £1.25bn in January and from more than £1.7bn the previous month.

Sterling M3, (the broad money measure) was almost unchanged on the month, while its annual growth rate slowed to 9.7 per cent, firmly inside the 7 to 11 per cent target range for 1983/84.

The authorities are, however, clearly encouraged by the slower

pace of bank lending. Although too much reliance cannot be placed on a month's figures, it does appear that the accelerating pattern seen for much of the second half of last year is weakening.

That will help to soothe concern in the City of London that the rate of credit expansion could put upward pressure on interest rates later this year.

The authorities also announced yesterday that they had introduced a new method of calculating the level of notes and coins and bankers' balances at the Bank of England every Wednesday of the banking month.

Previously, the calculation had been made at the end of the month.

## EEC oil stocks at 'acceptable' level

BY RICHARD JOHNS

THE LEVEL of "genuine security" oil stocks held by individual members of the European Economic Community falls within the range of 45 to 100 days consumption. This is revealed in a report prepared by consultants Petroleum Economics for the EEC Commission.

Under EEC rules, members are obliged to hold stocks equivalent to 90 days forward consumption - defined as those quantities which would be fully at the disposal of a member state. The report concludes, however, that a significant proportion of volumes officially reported would be "difficult or impossible to extract from storage, refining and distribution facilities."

The main factor leading to doubts about the effectiveness of the security measures is the amount of minimum stocks required by the industry. The period ranges from 25 to 45 days supply, according to a Petroleum Economics report published next week.

The consultants say that only West Germany and Denmark appear to have real "security" stocks of more than 90 days. They add that the buffer for other members is 45-60 days with Belgium, Luxembourg and Ireland towards the upper end and the UK, France, Italy and the Netherlands at the lower end.

The report recommends that if there were an emergency, individual member states should co-ordinate any action rather than act unilaterally. This would "tend to lead, in reality, to allocation by price, or, in other words, increases in selling rates."

Petroleum Economics concludes that the best way to harmonise different structures would be to set up separate holding organisations in each country.

Only West Germany, the Netherlands and Denmark have centralised systems for stock holding.

## FT feasibility study on printing in U.S.

BY OUR INDUSTRIAL CORRESPONDENT

THE FINANCIAL TIMES management expects to receive by the end of this month the results of a feasibility study on the possibility of printing the newspaper in the U.S. At present the U.S. market is served by air from Frankfurt. Production from a U.S. printing works would enable the newspaper to be available on same-day sale in a number of important business centres.

The FT is at present printed in London and Frankfurt, and transmission to the U.S. would take place from one of those centres.

Commercial satellite capacity to handle the transmission if the feasibility study leads to a decision to go ahead with the project, is unlikely to be available before the autumn.

Mr Frank Barlow, chief executive of the Financial Times, said yesterday that he believed the newspa-

per's current sales in Manhattan could double as a result of earlier availability.

It was, he said, reasonable to expect that the advantages of same-day sale from a U.S. production centre could give the FT a total U.S. sale of at least 25,000 copies a day, and eventually considerably more than that.

Increased sales would not be the only reason for printing in the U.S. The move would also give the FT a higher profile in a market which supplies large amounts of advertising revenue for existing editions.

The Daily Telegraph, yesterday signed a contract for the supply of Goss presses for its proposed new printing works in East London. The contract, worth more than £20m, is believed to be one of the largest orders for offset presses ever placed in Europe.

## Tories get boost from budget

SENIOR UK ministers believe that the budget has allowed the Government to regain the political initiative after the recent series of internal squabbles.

The view of Mrs Margaret Thatcher, the Prime Minister, and her Cabinet colleagues, is that Mr Nigel Lawson, the Chancellor of the Exchequer, has succeeded in lifting morale among Conservative backbenchers and that this message must now be conveyed to the country.

This view is likely to be signalled in several speeches from Ministers, over the weekend and the rally of Conservative activists in Birmingham next week which will be addressed by the Prime Minister.

Mr John Biffen, the leader of the House of Commons, is due to make a speech on this theme tonight.

TOYS 'R Us, the leading U.S. toy retailer, intends to open up business in Britain next year. Senior executives of the group, which has annual sales in excess of \$1bn, are in London this week preparing plans to set up a wholly owned UK subsidiary.

The company dominates the U.S. toy retailing market with 144 toy supermarkets. It aims to open stores in Toronto and Singapore this year.

THE BBC and independent television companies are close to a deal with the Government which will allow them to go ahead with the £400m joint direct broadcasting satellite (DBS) project.

Indications are that the Government will be prepared to accept the preconditions of Britain's two competing broadcasting bodies, including one that would give the BBC at least half of the project.

PAY SETTLEMENT levels are continuing to edge up a little, although there is as yet no clear evidence of a strong upward drift, according to Incomes Data Services, the UK pay monitoring body.

This agrees with Department of Employment figures which show earnings rises staying stable at 7% per cent and CBI figures which show settlements rising to 5.8 per cent.

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UK NEWS

Tebbit pledges fair Telecom competition

BY GUY DE JONGUIERES

THE GOVERNMENT was determined to bring about genuine competition in telecommunications and would ensure that British Telecom's former legal monopoly was not simply turned into a de facto one.

The British telecommunications industry had already improved its international competitiveness as a result of the Government's liberalisation policies.

But, regrettably, some of our largest companies have yet to show that they have a clear strategy for tackling major export markets.

In particular, he expected telecommunications manufacturers to do more to win overseas orders for the System X digital public exchange system, which should spear-

head the British industry's re-entry to world markets.

British Telecom's sharply increased System X orders provided a platform for overseas sales. "Both the Government and British Telecom have waited long and patiently for export success. I hope we will not have to wait a great deal longer," he said.

The break-up of the Bell Telephone System in the U.S. created a huge opportunity for international expansion. But if British manufacturers failed to grasp it quickly they could be locked out of the American market for years.

Britain prepares its first astronauts

BY PETER MARSH

MR MICHAEL HESELTINE, the Defence Secretary, yesterday announced the names of four men who will train as Britain's first astronauts.

Three of the contenders are from the armed forces and the other is a civil servant at the Ministry of Defence (MoD). Two of the men will be selected to go into space on two separate space shuttle flights in 1985 and 1986.

The astronauts will supervise the launch of two British military communications satellites, members of the Skynet 4 series, from the U.S. space shuttle.

Mr Christopher Holmes, 33, the civilian in the team is a telecommunications expert. The other members of Britain's astronaut squad are Commander Peter Loughurst, 41, from the Royal Navy; Lieutenant Colonel Tony Boyle, 45, a Royal Signals officer; and Squadron Leader Nigel Wood, 35, a test pilot from the Royal Air Force.

The four men will train in the U.S. and Britain at a cost of £375,000. The MoD will choose who goes into space a few months before each launch.

Last month, one of the U.S. space shuttles released two satellites into the wrong orbit. Aerospace engineers believe the fault was caused by a defective motor in the

small rocket that boosted the craft from the shuttle's cargo bay.

Speaking yesterday at the astronaut introduction to the press, Mr Heseltine said that Britain did not need a national space agency. He said that the Department of Trade and Industry took the lead in organising Britain's space activities and the MoD ensured that Britain's work in space was coordinated with other members of the European Space Agency.

Mr Heseltine said that the arrangement had worked well and Britain had achieved some "conspicuous" results in space technology, chiefly in satellites. However, Dr David Baker, the managing director of a company formed to advise on space projects, yesterday said Britain was in danger of becoming Europe's "poor relation" in space technology.

Speaking at the inauguration of Space Services International, Dr Baker said Britain was guilty of "lumping, slithering and snoring" in its attempts to make a credible policy for space programmes.

Dr Baker's group will advise financial institutions and companies that use space technology products. It will also arrange insurance for space vehicles. The company's clients include about a dozen City of London underwriters, Dr Baker said.

Advertisement for CIFER microcomputers. Text: "Staying on top of the latest microcomputer developments is a full-time job. Fortunately, you can rely on Cifer to do it for you." Includes image of a computer monitor and keyboard.

Bae joins Pilatus in RAF bid

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AEROSPACE is to collaborate with the Swiss-based Pilatus Aircraft Company in a bid for the pending Royal Air Force (RAF) order for a new basic trainer aircraft. The RAF is studying several types of light basic trainer aircraft to replace its ageing British Aerospace Jet Provosts. The RAF is expected to need about 150 aircraft, worth more than £200m, including spares and initial support costs.

It is understood to include the Swiss Pilatus PC-9, the Brazilian Embraer Tucano, a development of the Australian A-18, and the British-designed Firecracker.

Executives of British Aerospace and Pilatus of Switzerland yesterday signed a "memorandum of understanding" allowing Bae to tender with the PC-9, and to manufacture the aircraft in Britain if its bid is successful. Commenting on the

RAF-Pilatus link yesterday, Mr Sydney Gillibrand, managing director of Bae's Weybridge Division, said: "This agreement provides Bae with the opportunity to supply what we consider to be the ideal training partner to the Hawk aircraft."

Among the other contenders, Embraer of Brazil plans to work with Turbomeca of Belfast with the Tucano, while Firecracker Aircraft is considering possible partners in the UK.

Canadian investors join Rediffusion in 'spaceflight' venture

BY MICHAEL DONNE

REDIFFUSION Simulation, the UK flight-simulator manufacturer, is to diversify into the leisure industry, using its advanced technology to develop new entertainment systems.

As a first step it is to undertake a joint "spaceflight simulator" development for public entertainment in conjunction with a group of Canadian investors.

A joint company, Interactive Entertainment Incorporated, has been formed in Canada with CS6m (£3.25m) capital, of which Rediffusion Simulation is subscribing \$1.5m. Two Canadian companies (Maple Interactive Entertainment and Helix Investments) a total of \$1.5m, the UK Commonwealth Development Finance Company \$600,000, and various Canadian investors the remaining \$2.4m.

As a first venture, this new company is to promote a unique 75-minute "leisure experience" for the public, with a Tour of the Universe, using a new type of 40-seat, space-flight simulator built by Rediffusion Simulation at Crawley, West Sussex.

The public, paying \$5 each for the experience, will be given a simulated ride on a spaceship from Earth, to the accompaniment of a Hollywood-produced film and associated sound and other effects.

The first simulator is already built, and will be installed in the basement of the Canadian National Tower in Toronto, from this autumn. A second simulator will also be installed when it is completed.

The aim of Rediffusion and the new joint company is to extend this entertainment concept, so that by 1988, there will be as many as 23

such installations in cities throughout the world, including the U.S., U.K., Australia, Japan and Western Europe.

In addition, Rediffusion foresees the time when it will develop smaller versions of the spaceflight capsule, selling them to other prospective entertainment organisations on a licence and maintenance basis.

The company believes that by 1989, the revenues of the joint company, Interactive Entertainment, could amount to about \$80m a year. The first president of Interactive Entertainment is Mr Moses Znamier, who is president and chief executive of Toronto's major TV station, City TV, and president of Maple Interactive Entertainment. Other board members include nominees of Rediffusion and representatives of the external investors.

Mr Derek Young, managing director of Rediffusion Simulation, said yesterday that the new development "is the ultimate extension of the current trend within the entertainment industry to apply new interactive computer techniques to mass appeal leisure activities."

"As such, it represents an ideal opportunity to exploit our very advanced flight simulation technology in a novel leisure experience that is both exciting and educational."

Rediffusion Simulation is studying other methods of diversifying its flight-simulation technique into new areas. As an established world leader in flight simulation techniques, the company is a member of the International Rediffusion Group, which in turn is part of the British Electric Traction Group.

What he's learning here will help him in the office.

The Territorial Army isn't a course for management trainees.

But you could be forgiven for thinking so.

After all, what better place is there to develop self discipline, initiative, leadership and organising abilities?

Personal skills that can be put to good use solving day to day problems at work, whether this be in the smallest village corner shop or a giant multinational company.

This is why many employers are prepared to accept their staff taking the odd day off work, or even a whole fortnight.

There is another reason though, why they encourage their staff to join the Volunteer Reserve Forces, be it the Territorial Army, the

Royal Naval or the Royal Marines Reserve, or the Royal Auxiliary Air Force.

A reason closer to everyone's hearts. The security of our country. Some 30% of the Army's mobilised strength is made up by the volunteers in the Territorials, by the end of the decade they will contribute even more.

It's the job of the TA to provide support for The British Army of the Rhine in Western Europe and to reinforce the Regular Army's defence role in this country.

Obviously, their value to our defence forces is enormous.

Their cost, however, isn't. Particularly when you consider that the Territorials only represent 4.4% of the Army's annual budget.

In a few months time, 40,000 reservists from the Territorial Army, will be travelling to Germany for exercise 'Lionheart'.

A holiday it won't be. 'Lionheart' is a very important NATO exercise where the Territorials' skills, wits and determination will be pushed right to the limit.

Helping them become an even stronger and more powerful force for peace. And, we suspect, a lot sharper back in the office.

I am interested in finding out how our company can help the Territorial Army. Please send me a copy of "An Employers Guide to the TA". Complete the coupon and send it to Major John Oldfield, (Dept FT 2), Duke of York's HQ, Centre Block, Chelsea, London SW3 3JG, or contact your nearest T.A.M.R. Association (in the phone book under "Army").

Form with fields for Name, Address, Company, Position, and logo for The Territorials.

Honda restructures dealers network

BY JOHN GRIFFITHS

UP TO 60 outlets within Honda UK's car dealer network are expected to disappear or be replaced as part of a substantial restructuring operation for Honda's wholly owned importer.

The changes are linked to a continuing move by Japan's third largest car maker into higher value areas of the car market, in particular its joint production with Austin Rover of executive class cars to be built in the UK and Japan from the end of next year.

Honda said it had given notice of termination to 13 dealers this month; 12 of them within the past week. More are to be told that they are unlikely to continue as Honda franchise holders into 1985. The

company described the number as "small." But in saying that "at least 70 per cent" of the existing network would be retained, it implied that about 50 could go, has it has just over 200 dealers.

It expects to appoint other dealers, but says that they will be in strategic geographical locations "and of a particularly high calibre."

Honda's UK roots are in motorcycles. It is the world's largest producer and many of its car dealerships grew out of Honda's early ventures from motorcycles into small economy cars.

The company has now moved to the executive car sector, with models retailing in the UK at £2,000 or more.

Wounded Irish MP 'better'

BY A FINANCIAL TIMES REPORTER

MR GERRY ADAMS, the Provisional Sinn Fein MP for West Belfast who was wounded in a Loyalist assassination attempt on Wednesday, is recovering from the three bullet wounds in his neck, shoulder and arm.

The Sinn Fein is the political wing of the Provisional Irish Republican Army (IRA).

The three men arrested near the scene of the shooting by an off-duty policeman and an Ulster Defence Regiment (UDR) soldier were yesterday being interrogated by the

Royal Ulster Constabulary (RUC). The murder attempt has been claimed by the Protestant Ulster Freedom Fighters, which is believed to be a cover name for the Ulster Defence Association - the only one of Northern Ireland's paramilitary organisations never to have been proscribed.

The RUC said it was purely chance that the UDR soldier and policeman were in the vicinity of the shooting in which Mr Adams and three other Sinn Fein men were injured.



UK NEWS

Plessey links up with Corning in fibre optic venture

BY JASON CRISP

PLESSEY, the UK electronics group, has set up a joint venture company in the U.S. with Corning Glassworks to exploit the rapidly growing market for fibre optic systems.

The new company, PlesseyCor Optronics, based in Los Angeles, is expected to have sales of at least \$100m by the end of the decade. Plessey is thought to have invested about \$5m in the new venture and will own 50 per cent of the company.

The remainder of the company is held by Corning and Dr Michael Barposki, a leading expert in fibre optic technology. This is the latest in a series of moves by Plessey in the U.S., including the purchase of Stronburg-Carlson and an interest in Scientific-Atlanta.

The new company will make and sell the optoelectronic devices used in fibre optic systems in the North American market. Corning is one of the world's leading producers of the optical fibre - the hair thin strands of glass which carry signals in the form of very rapid pulses of light.

A number of companies have licensed Corning's method of making optical fibre, including Siemens in West Germany, CGE in France and several Japanese companies. In Britain, Corning has a joint venture with BICC making optical fibres in Deeside, North Wales.

Plessey and BICC have worked closely in optical fibres and have the largest share of the fast-growing UK market. Plessey is one of the world's leading makers of the optoelectronic devices which send and receive the light signals.

PlesseyCor Optronics will largely use Plessey optoelectronic technology developed at its laboratory at Caswell, near Northampton. One of the main reasons for Corning's interest in the new venture is because the fibre itself is now a less important part of fibre optic systems.

This is because the fibre is becoming much cheaper and is being used in short lengths. Corning, which also has a joint venture with Siemens in the U.S., believes the U.S. market for optoelectronic devices for use in telecommunications will reach \$1bn by 1990.

U.S. deal for Celltech

BY CARLA RAPOPORT

CELLTECH, the UK biotechnology company, has announced a \$1m research and development agreement with Seroxo Laboratories of the U.S. for work on a human-growth hormone.

The agreement will include the development and commercialisation of a production process for the hormone, which is used at present to treat dwarfism. In future, the hormone is expected to be useful in the treatment of burns, fractures

and bone diseases. The development work is expected to last for just over a year, and Celltech's human-growth hormone is due to reach the marketplace in about three years. The agreement gives Seroxo worldwide marketing rights for the product, and Celltech will receive royalty payments.

Seroxo is a member of the Arsero group of companies, a multinational pharmaceutical company based in Switzerland.

**When it comes to expanding your computer, which will it be?**

The choice is yours. Choose a conventional on-line data processing system and you're almost certainly in for a rough ride. Because in most cases expansion means complete replacement with a more powerful system. Which usually means stopping, reprogramming and perhaps even a change of operating system. All of which is as disruptive to your business as it is costly. Choose Tandem and it's plain sailing. Because a Tandem **TANDEM** *The world's most reliable computer*

system is designed to handle virtually unlimited expansion. As you grow, it grows. From 2 to 16 processors in one system all the way up to 257 systems in one integrated network. Each system capable of handling hundreds of transactions per second. It's simply a matter of plugging in and plugging on. Business as usual. For a company with a big future that's a most attractive proposition. Tandem Computers Ltd., 13-14 Buckingham Gate, London SW1. Tel: 01-841 7381.

No Court room. No drama. That's Lovell's Law.

Imagine a construction problem somewhat akin to getting a ship into a bottle.

This was the challenge that faced Lovell at New City Court by London Bridge - a logistics problem requiring three office and two residential blocks to rise on a site offering only one small access point to a major road.

Add to this complex building equation the demands of retaining six listed facades and the liability of nearby medical databanks to malfunction at the slightest tremor, and you have some idea of the courtroom dramas that lay in wait for a careless builder.

But no 'Court' room was no trial for Lovell.

A commando-like performance spanned a Bailey bridge across two emerging basements to a third, temporarily infilled for use as a turnaround slab.

Lovell is thus managing a feat of space-juggling construction that owes as much to flexibility of attitude and mind



as it does to critical path analysis.

Future occupiers who enjoy the many and changing faces of this exciting development might well reflect on a construction achievement that would have been impossible within the traditional methods of British practice.

Indeed, if you want a model for the new sense of partnership that retains both the spirit and the letter of Lovell's Law then New City Court could well prove an excellent case in point.

FREE LOVELL VIDEO CASSETTE NOW AVAILABLE, CALL EDWARD REES ON 0753 882211

Look at Lovell

LOVELL CONSTRUCTION LTD., MARSHAM HOUSE, GERRARDS CROSS, BUCKS SL9 5ER TELEPHONE: (0753) 882211 TELEX: 848932

Client: Chesterfield Properties plc, Project Managers: Morton Brown & Partners; Architects: The Haydon Pearce Group and Whitmore, Gorn, Johnson and U.K. Structural Engineers: Ronald Sibley & Partners; Survey Engineers: James R. Briggs & Associates; Air Conditioning Engineers: British Waterways Partnership; Quantity Surveyors: Pugh & Partners.

How can you and your family make the most of what the Chancellor is offering?

Tomorrow's FT takes a more personal look at the Budget.

On Wednesday the FT gave its definitive appraisal of the Budget for the businessman. Now it looks again to see what is there for the individual, the house-owner, the family.

- How will it affect your savings?
- Is life insurance any longer an attractive proposition?
- Are there any uses left for Friendly Societies?
- Will Unit Trusts come into their own?
- Should you buy your house on an endowment mortgage?
- What about shares in your company?
- Will the banks now compete more effectively for your savings?
- And will the Duke of Westminster save £300 million?

Tomorrow the FT specialists will consider all these questions. Make sure you make the most of their help. **No FT...no comment.**

This month's Practical Computing guides you through the exploding 16 bit market



With April's issue of Practical Computing we've got the most detailed guide yet to 16 bit micros. Our free 48 page supplement covers over 80 machines.

There's also a review of the Transportable Computer of the Year, the Kaypro. A special 15 page guide on operating systems. Advice on how computing can improve your health. And your last chance to win a Research Machines Outfit worth over £2000.

And lots more.

All in April's dynamite edition of Practical Computing, out now.

**Practical Computing**

Mark Adams

مكتبة الامم

THE ARTS

Cinema/Nigel Andrews

Smiling through the glycerine tears



Charles Martin Smith as Tyler in "Never Cry Wolf"

Terms of Endearment, directed by James L. Brooks...

Never Cry Wolf, directed by Carroll Ballard...

Terms of Endearment has been nominated for 11 Oscars...

Never Cry Wolf takes place worlds away from suburbia...

In its early and middle phases, the film often tickles the ribs...

The hero's lonely vigil is relieved only by the diffident gambolling of the wolves...

All great cinema aspires to the condition of silent cinema...

Arts Week

Music PARIS

Marie-Catherine Gird, piano, Chopin, Liszt...

WEST GERMANY

Frankfurt Alte Oper: A leader recital with Thro Adam...

WASHINGTON

Michaela Pezi Trio (Violin): Handel, Lorenz...

REMER: Auditorio di via Della Conciliazione

Accademia Nazionale di Santa Cecilia: Emmanuel Krivine conducting...

Opera and Ballet

NEW YORK

Metropolitan Opera (Opera House): The season's first performance...

LONDON

Sadler's Wells, Rosebery Avenue: Ballet Rambert continues its season...

BRUSSELS

The Flying Dutchman conducted by Sylvain Cambreling...

VIENNA

Staatsoper: The Barber of Seville conducted by Richter...

PARIS

Ballet Sadler's La Bayadere and Covent Garden's production of Tchaikovsky's Tempest...

WEST GERMANY

Berlin, Deutsche Oper: The week's highlight is Aida with outstanding Liva Buxi...

ITALY

Milano: Teatro Alla Scala: Idomeneo conducted by Gianandrea Gavazzeni...

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot children's poetry set to Broadway music...

WASHINGTON

National Gallery: Thanks to its popularity, the Aztec show of artifacts from the Spanish conquest...

CHICAGO

Museum of Contemporary Art: With the assertion: "The arts in West Germany today are dynamic and strong..."

WEST GERMANY

Tübingen, Kunsthalle: Edgar Degas. The most comprehensive Degas exhibition ever shown in the Federal Republic...

VIENNA

Out Of Steps and Out: A colourful exhibition of treasures from the highest palaces of Turkestan...

NEW YORK

Conte Sculpture Center: Set against a spectacular view of New York atop the World Trade Center...

WASHINGTON

Accidental Death of an Anarchist (Kreger): Dario Fo's London hit has been adapted as a television play...

CHICAGO

E. R. (Forum): Moving into its second year, E.R. continues its adventures...

WASHINGTON

Beyond Therapy (Kreger): Christopher Durang's romantic comedy has all the elements of modern singles life...

Ballet Rambert/Sadler's Wells

Clement Sirp. Ballet Rambert opened a season at the Wells on Wednesday with a programme that paid due tribute to founding figures...

Alcan Aluminium Limited (Montreal). Summary of Annual Report 1983.

Table with 2 columns: 1983 and 1982. Rows include: Shipments of aluminium in all forms (tonnes), Total Sales and Operating Revenues (U.S. \$), Capital Expenditures (U.S. \$), Net Income (U.S. \$), Net Income per common share (U.S. \$), Dividends per common share (U.S. \$), Long-Term Debt (U.S. \$), Common Shareholders' Equity (U.S. \$), Number of common shares (thousands), Number of Employees.



Europe tries to counter-attack

By Andrew Fisher, Shipping Correspondent

Stabilisation in Africa

THE NON-AGGRESSION pact to be signed by Mr P. W. Botha... The South African Prime Minister, and President Samora Machel of Mozambique...

Freer choice in pensions

SHOULD BRITISH employees have the right to opt out of their company's pension scheme? It is the question at the heart of the debate on portable pensions...

SMILING ruefully, the marketing director of one of West Germany's largest shipbuilding companies stands at the edge of the vast empty dock at Kiel and says: "We have no problems of space and capacity."



One yard which has reached levels of productivity that most British shipbuilders can only dream of in Finland's Wärtsilä.

AG Weser, part of the Krupp group, has just closed its big yard in Bremen, with the loss of 2,000 jobs... Graham Day, chairman of British Shipbuilders...

Helsinki and at its newer Ferno yard near Turku... The Japanese are better — for our type, we are the same or better than them.

AG Weser, part of the Krupp group, has just closed its big yard in Bremen, with the loss of 2,000 jobs... Graham Day, chairman of British Shipbuilders...

innovations rather than simply try and sell owners one of a set number of products... "We have been switching from series production to tailoring..."

With the help of some financial restructuring from the Government, Kockums managed to make a small profit in 1982... "It's probably the largest reduction — proportionately — in Europe."

WINNERS AND LOSERS

Table with columns for countries (Japan, S. Korea, W. Europe, etc.) and years (1973, 1982, 1983) showing gross registered tons and end-year order total.

Fitter Oxford scholars

On the eve of the Boat Race, Nigel Blackwell, a director of the Broad Street, bookshop that has had Oxford students since 1879...



"I can't get the hang of the new system," says Nigel Blackwell. "MI + 54% = M3 what is?"

Men and Matters

Brasenose Rugby player, and he didn't quite get a Blue either, although he played for the Greyhounds, the university's Second XV...

Family hotels

The brothers Ashkenazy—Arnold aged 50, and Severyn aged 48—who have built up a luxury hotel group with assets of more than \$500m in just ten years...

Good health

A bar tender who takes orders, mixes cocktails, and even refuses to serve drunks, but won't even try to tell you about old Jim's operation...

Floreat Ohio

Heard from an American woman in a West End outfit: "I don't like it, Al. Wouldn't you think they'd do an Old Etonian tie in brighter colours for export?"

Rudyard never kipped in such comfort. Advertisement for Rudyard's bedding products.

Kipling would have waxed lyrical about Air-India. Advertisement for Air-India flights.

Handwritten text in Arabic script: "مكتبة الأناضول"

POLITICS TODAY

But that was on Tuesday...

By Malcolm Rutherford

CHANCELLOR LAWSON'S first budget statement must be among the most coherent ever delivered...

That was on Tuesday. By Wednesday, however, it was permissible to wonder how much had changed...

Not least, we learned from a written parliamentary answer that Mr Lawson had authorised Scotland Yard to investigate why some budget information had been previously leaked to the Guardian newspaper...

Long-term strategy must be pursued despite the difficulties

With the help of financial restructuring, Mr Lawson made a small profit in the Swedish industry in 1975...

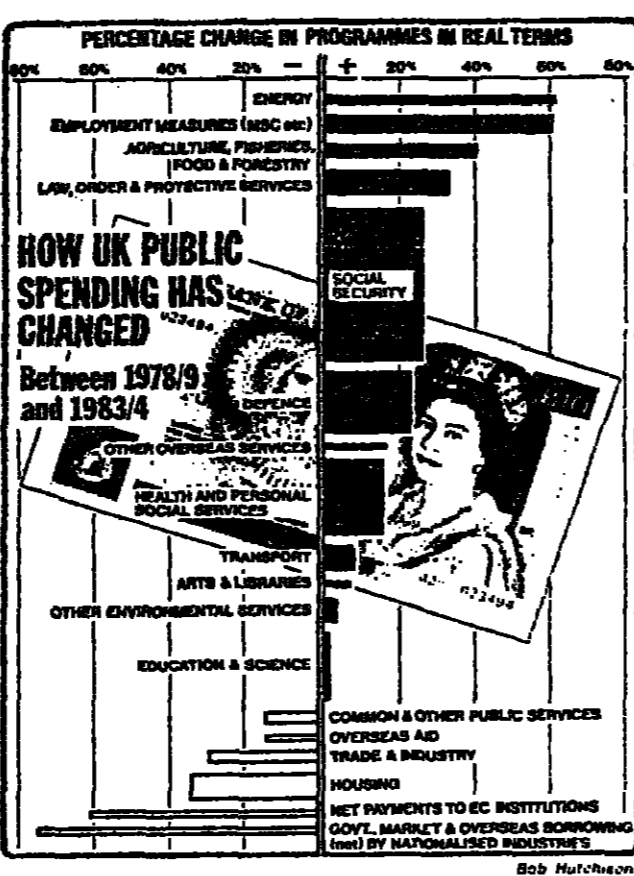
ally crucial, there will have to be some fall in the rate of unemployment. Mr Lawson succeeded, too, in depriving the opposition of ammunition...

Mr Lawson succeeded, too, in depriving the opposition of ammunition. In the debate on Wednesday the best that Mr Roy Hattersley, the Shadow Chancellor, could do was to draw attention to the plight of the long-term unemployed...

Mr Hattersley's shortcomings were overshadowed by those of Mr Peter Rees, the Chief Secretary to the Treasury, and the man directing responses to public expenditure control...

Mr Rees attacked the opposition's policy of envy, which under the leadership of Mr Neil Kinnock is something they seem to be trying to abandon for the politics of the meritocracy...

It was left to Mr Roy Jenkins of the Social Democrats, and himself a former Chancellor, to make the speech that Mr Hattersley should have made. Mr Jenkins's style is a bit halting now—there were several times when he got the initials of the public sector borrowing requirement mixed up...



Width of each bar on vertical axis is proportional to expenditure on programme concerned in 1983/4.

those predictions will be borne out. But what one can say is that those are precisely the matters which worry Mr Lawson in private. The Chancellor thinks that oil has been the lubricant in the transition to a more market-oriented economy...

spending on social security and health and personal social services for 1983-84, the figure comes to nearly £50bn—not much less than half of all public expenditure...

The green paper does not go into these matters of the machinery of government. Nor does it go into a great deal else. Essentially, it is a summary of some of the government's problems so far.

There is, for example, the following, usually frank statement from a government source: 'The burden of tax on the private sector has risen substantially. At the same time, social security benefits have over the period as a whole, been raised broadly in line with earnings...

The Chancellor admits, however, that a lot of questions have been begged. It would be possible to stick to spending targets while organising matters differently: that is the choice for the Tory Party. Or it would be possible to agree on higher spending targets and a greater role for the state; that is what the Labour Party now

has to think about. The Alliance will no doubt come out somewhere in between. Anyway, if the green paper serves any purpose, it will be to concentrate discussion on these issues.

Meanwhile, other things have been happening. Mr Michael Heseltine has announced his intention of reforming the Ministry of Defence on the lines foreshadowed in a White Paper of 1983. In future there will be a combined defence staff advising the Secretary of State on policy, irrespective of the separate services—army, navy and air force...

Chancellor is most concerned about rise in spending on health

attitude to the disputes was 'relaxed'. It was still, he said, very much touch and go. Mr Arthur Scargill, the miners' leader, could not always be relied upon to make mistakes and go too far.

The Budget and taxation

From Mr A. Harper. Sir, The Chancellor in his Budget announced a change to the special stamp duty rules (S 56(4) Stamp Act 1981) that govern the duty payable on subsales.

This device has been employed by many house purchasers. Counsel has advised that it is effective and the leading practitioners' textbook has long stated that the Stamp Office took the same view in practice (so no small encouragement has been given by tacit approval).

Really, the tactics will be employed. Assessments will be raised forcing taxpayers to give up their appeal to the High Court after first paying the duty. Very few individual taxpayers will feel so inclined. They will only have a mere 21 days from the date of assessment to make up their minds.

I have never felt able to advise with confidence that the agreement for lease device, which has also been stepped, was likely to be effective. I note here a subtle difference in the Press release—the Revenue says its action against this scheme is based on the leading counsel that it does not work.

From Mr J. Crowe. Sir, I am surprised that Chancellor Lawson has been so blunt by removing premium relief from all forms of life insurance, though perhaps a saving of some £200m was just too attractive.

While he clearly believes that the savings market has been distorted by relief on investment schemes masquerading as life policies we would have thought that Conservative philosophies on the family, of self-reliance and state spending would have persuaded him to make a distinction between policies with a profit element and policies which pay nothing more than the basic sum insured on death.

Letters to the Editor

From Mr J. Smith. Sir, John Underhill (March 14, Page 26) states that an individual working abroad throughout 365 qualifying days would not be subject to UK income tax, even without the protection of the 100 per cent deduction. This is oversimplification. Without the provisions of the 100 per cent deduction, the UK income tax is: he has a separate contract of employment for his period of overseas service; all the duties of the overseas employment are carried out abroad; and the period of overseas service spans a complete income tax year from April 6 in one year to April 5 in the next year.

From Mr T. Sharpe. Sir, The radiopaging letter (March 12) reveals very clearly the need for the Government to give our competition laws some teeth. A lengthy and careful investigation by the Office of Fair Trading will be futile unless remedy in damages is available to fledgling companies, declared by the O.T. and Monopolies and Mergers Commission to be victims of abuses by dominant concerns.

From Mrs E. Taylor. Sir, Excellent though most of Mr Lawson's Budget certainly was, I have some reservations. Personal allowances will never be fair until every man and woman is treated equally, as things stand some benefit more than others: single £2,005; married couple (wife at home) £3,185; only 50 per cent more; and married couple (both working) £3,185—157 per cent more (unless it pays them to be separately taxed).

From Mr R. Sholl. Sir, Reading Alan Pike's article (March 12) on technical and vocational education initiative (TVEI) I find myself saying 'At last, the ivory tower educationalists are feeling ground under their feet.' Working as a supervisor on a youth training scheme (YTS), formerly a youth opportunity programme (YOP), I have been deeply disappointed at the 'educational' ability of the young people coming into the project.

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Markets at work

From Mr L. Jackson. Sir, In discussing Samuel Beckett's views on competitiveness, Mr Austin Mitchell, MP (March 8), blamed the exchange rate and argued that the Government can reverse high interest rates and a high rate of exchange at the drop of a hat. Mr Mitchell's apparent faith in Mrs Thatcher's ability to manipulate the exchange rate is a tribute to the Prime Minister from an unexpected quarter but unfortunately betrays a woeful lack of knowledge of the foreign exchange market.

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Youth and education

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Teaching remedial maths and English to 16- to 18-year-olds causes me to cry in outrage, 'how many billions do we spend on education?'

I have been asked to look into the problems of the 17-year-olds and upwards who missed out on the YTS, and are still out of work and possibly unemployed.

No place like home

From the President, Royal Institute of British Architects. Sir—Colin Amery (No place like home, March 12) delivered some sharp home truths about the design of speculative housing, but he is unduly pessimistic. The general standard of post-war housing for sale has indeed been abysmally low. With a few heroic exceptions, builders have only been interested in selling individual houses, not in creating a sustainable environment.

Things have changed! House builders are no longer in a seller's market. Demand is less sure and more selective. The general public will no longer tolerate the guzzling of green field sites for new estates. They expect to see deficit or under-occupied land built on before further encroachments are allowed in the green belt.

So both architects and builders are now keenly interested in doing business together. Many builders who in the past had been dismissive of the contribution that architects might make to the saleability of their houses are now singing a very different tune.

Building societies must bear some responsibility for the intense conservatism of private house design, but they also are becoming persuaded of the importance of better design to their long-term investment. A number have been collaborating with us in setting up ideas competitions and competitions on live projects to stimulate a higher standard of performance, and even commissioning pilot projects, using first-rate architects. So things are looking up and the public should soon have much better products to choose from.

Lombard Industry route to EEC entente

By David Marsh in Paris

AT A MEETING a few years ago, top officials of Aerospace, the French state-owned aerospace group which builds the missiles used for the country's independent nuclear deterrent, suggested to Mrs Margaret Thatcher that Britain should buy French weapons rather than the U.S. Trident for its next generation of submarine-borne nuclear arms.

The Prime Minister is said to have replied that Britain could not possibly do that as it would mean changing all the UK's existing submarines. Inborn mutual suspicions about industrial and strategic co-operation between the two countries exist and seem to be much greater than those affecting relations between France and West Germany.

Whether collaboration can be improved will depend crucially on the overall political climate after next week's EEC summit. But provided Mrs Thatcher and President Mitterrand do not come to blows in Brussels, there are several reasons for thinking that the chances for Franco-British entente over industrial policy are now much greater than indicated by the Prime Minister's brush with Aerospace.

Mr Laurent Fabius, the French Industry Minister, wants joint industrial initiatives to act partly as a form of cement binding the Community together at a time when it risks coming unstuck politically. There are two areas of action. One is to promote co-operation at a government-organised multilateral level as in the Airbus and Ariane projects (the only two successful examples of large-scale European industry collaboration, and both French-led) or in the EEC electronics research programme Esprit just given the go ahead in Brussels.

Esprit may pave the way for spending more EEC money usefully on industry rather than simply on agriculture. Approval this month of British Government cash for the new generation of A-320 Airbus—despite a long wait while Mrs Thatcher made up her mind—shows that the UK can after all unite with France and West Germany in long-term industrial project designed to challenge a dominant American manufacturer.

It is significant that the UK Government now seems to share at least some of the traditional French distrust of excessive reliance on the U.S. in areas of high technology.

There is a limit, of course, to what governments can do on their own. The other, perhaps more promising, field is for EEC countries to provide the right environment for individual companies to step up collaboration on a bi- or trilateral basis.

European business men often find it easier—sometimes for reasons which are perfectly justifiable—to secure partnerships with U.S. or Japanese companies than with EEC rivals just over their national borders.

Paris would like European corporate ties to supplement, rather than substitute, the necessary links with U.S. and Japanese companies. Mr Fabius attaches great importance to the possibility of a telecommunications accord between CIT Alcatel and GEC and/or Plessey as part of negotiations still going on over opening up the French and British markets for telephone equipment. The dream is eventually to set up a European counter weight to the international might of AT and T.

But at the same time, CIT Alcatel, with the other state-controlled electronics groups, Thomson, Matra and Bull, have been forging a string of alliances with U.S. and Japanese groups. Paris has other proposals for Anglo-French collaboration in areas like biotechnology, industrial research and nuclear energy. Both governments have recently been stepping up efforts to encourage small companies to set up in each other's markets.

Advertisement for Ontario, Canada, highlighting its proximity to the US market and listing various benefits for businesses and individuals. Includes a map of Ontario and contact information for the Ontario Business Development Branch.

Vertical advertisement for 'yard er oled rich nfort' with a cartoon illustration of a man in a suit and a woman in a dress.

Balfour Beatty for Refurbishment BB 01-686 8700

BELL'S SCOTCH WHISKY BELL'S

U.S. move to drop bond tax levied on foreigners

THE 30 per cent withholding tax levied on U.S. bonds bought by foreigners has come one step closer to being repealed...

Hussein rebuffs Reagan over policy on Israel

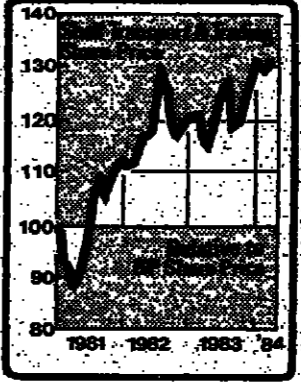
KING HUSSEIN of Jordan, the linch-pin of U.S. Middle East peace efforts, attacked President Ronald Reagan's policies yesterday...

Washington tightens controls on Digital exports

THE U.S. Government has tightened controls on international sales by Digital Equipment, the second largest American computer manufacturer...

THE LEX COLUMN

A pretty pair of Sisters



Yesterday's final money supply figures shed little extra light on the zero growth of sterling M3 in banking February...

Paribas lifts profits 40% and seeks control of Swiss unit

BANQUE PARIBAS, the state-owned French investment bank which yesterday announced a 40 per cent increase in net profits last year...

Shell/BP

The bumper results from Royal Dutch/Shell and British Petroleum impressed the market as two sides of the same glittering coin...

United Biscuits

United Biscuits has attracted more than its fair share of City of London detractors over the past year...

Record \$800m bond launched by Texaco

Continued from Page 1 bonds through four regional groups: \$300m will be sold in Switzerland...

Approval for Bonn steel aid

THE EUROPEAN Commission has authorised subsidies for four West German steel companies, the first decision it has made on final restructuring plans...

Spain to compensate Norway

SPAIN has undertaken to pay Norway compensation for four Norwegian lorries carrying fish that were destroyed by demonstrators protesting at the recent French shelling of a Spanish trawler...

Danish central bank's warning on economy

DENMARK's improved international creditworthiness will be jeopardised if the Government relaxes its efforts to reduce the rate of inflation...

Battle plan on UK tax move

Foreign businessmen also plan to put pressure on the British Government to reverse changes in the tax treatment of company accommodation...

Barclays eyes U.S. securities market

BARCLAYS, Britain's largest bank, plans to become an active participant in the U.S. securities market when the rules permit...

World Weather table with columns for location, temperature, and conditions.

Snow Report table with columns for location, snow depth, and conditions.

Either way you can win. Advertisement featuring two horses and text about the Ladbroke Index.

Ladbroke Index advertisement with detailed text about the index and contact information.

Vertical text on the right edge of the page, including 'SOCIETE ENREGISTRE', 'Capital: 4', and other financial details.

# SECTION IV FINANCIAL TIMES SURVEY

Friday March 16, 1984

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# Tunisia

Tunisia has a record of economic and social progress which few in the Third World can match. But the country's political institutions have also been outdistanced by the economic and social changes of recent years

## Tough challenge lies ahead

THE RIOTS which, only two months ago, shook the Tunisian regime to its very foundations, are unlikely in the short run to change the manner in which the smallest of the North African states is governed.

By FRANCIS GHILES

Poor Tunisians may have joined their ruling elite into an awareness that hard thinking will be needed if Tunisia is to continue the economic and social progress it has made since independence in 1956. But, so far, there are no indications of what changes the future may hold in store.

world: the Arab League moved its headquarters to Tunis after the Camp David Agreement forced it out of Cairo. Meanwhile, the flow of investment from richer Middle Eastern countries has increased considerably, the result of active campaigning by the former Minister of Finance, M. Manouar Moalla. These changes have brought Tunisians closer to the Arab world.

Recently there has been a rapprochement with Algeria: Habib Bourguiba never had much time for Algeria's former President Houari Boumediene, whose strong radical streak annoyed him. President Chadii, who devotes more time to Algerian affairs than to preaching to the world at large, has restored good relations with Tunisia.

Relations with its southern neighbour have deteriorated, following the blowing up of the pipeline which carries Algerian oil through southern Tunisia by a commando from Libya two months ago, but they could improve. Colonel Gaddafi is a major threat, or a thorough nuisance, depending on which senior Tunisian one speaks to.

Ever since the aborted union with Libya, signed ten years ago, which President Bourguiba denounced within days of signing, the ruler of Tripoli has blown hot and cold. But since M. M'Zali became Prime Minister, in April 1980, he and his Minister of Foreign Affairs, M. Beji Caïd Esseouf, have taken a more relaxed view of their mercantile neighbour.



Tunisian politics has been dominated for a half century by the personality of Habib Bourguiba, seen above as a young man and as he is today; the 83-year-old President founded the Neo-Destour Party in 1934 and has ruled Tunisia since independence in 1956.

Tunisia's major domestic and foreign policy options but it could well do so if the fighting among the ruling class continues, unabated, in the years to come.

The uncertainties which the country faces today are, in many respects, the result of the progress achieved since 1956. A massive effort to increase the standards of literacy and health, the significant progress in family planning, the emergence of a new white collar and working class, have changed Tunisia and thrown up new problems.

Progress has inevitably been uneven, both in regional and social terms.

income here is a fraction of what most of those who live on the coast enjoy while around one third of the adult male population is unemployed.

These problems of imbalance have not been seriously addressed. The phosphate industry is making a sustained effort to develop more downstream industries closer to its mines around Kefauou but few other state companies have shown much concern.

The provincial governors, often appear more preoccupied with the latest development in Tunis politics than genuinely convinced of the need to develop their province. This neglect is a serious potential threat to the stability of the regime: areas along the Algerian border, particularly in the south, are traditional "shab" territory where the authority of central government is not easy to maintain while thousands of families in the south are beholden to Libya—where at least 100,000 Tunisians work—for their livelihood.

ing for serious news and debate is a root cause of great frustration among the growing class of technicians and new managers which has sprung up in recent years.

Every night old films of President Bourguiba, whose powers of oratory were justly renowned, are shown on television. But, for the 60 per cent of Tunisians born after independence, such nostalgia is far removed from their daily needs and preoccupations.

President Bourguiba has suffered a number of ailments since 1970 and many Tunisians have never seen him fit and well. At times, films of him fulfilling public functions are very painful to watch.

### Little benefit

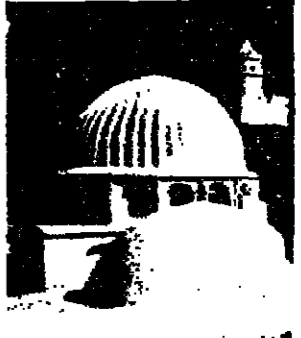
The Tunisian hinterland, especially in the very poor north west and south, has not benefited much from economic development since 1956: Tunis and coastal towns have absorbed most of the new wealth.

Towns like Le Kef, Kasserine and Gafsa have little to offer their inhabitants—in terms of jobs or housing.

It is in such towns and further south, around the Chott El Jerid that the riots broke out late last December. The average

### CONTENTS

Economic issues: unemployment is a major problem II  
Foreign investment: the key to further industrial development II  
Political scene: hard thinking after the riots III  
Development banks: a guide III  
Oil exports: vital to the nation's economic growth IV  
Chemicals sector: long-term planning pays off IV-V  
Tourism: important sector faces big changes V  
Industry: plans to strengthen the manufacturing base VI  
Agriculture: bold reforms needed in neglected sector VI



The distinctive traditional architecture of Tunisia—a strong attraction in the tourist industry which has seen a ten-fold increase in income within a decade.

### BASIC STATISTICS

Area: 164,000 sq km  
Population: 6,895m  
Exchange rate: f1=1.035 dinar, \$1=0.711 dinar  
GNP: 5,467m dinars (£5,353m)  
Per capita: 796 dinars (£776)  
Trade:  
Imports (goods and services): 2,145bn dinars  
Exports: 1,165bn dinars

group of people has held power for 28 years, but the growing middle-class is frustrated and apprehensive: disdainful of the intrigues of the President's entourage, but scared of the mob they saw rampaging earlier this year.

Tunisian leaders are reaping the harvest of what they sowed for a generation. But that harvest will only be successful if greater democracy and a more equitable sharing of the nation's wealth is injected into the system M Bourguiba has built. The country's political institutions have been outdistanced by the economic and social changes of recent years.

In many ways northern Tunisia and the coastal area are closer to Spain and parts of Italy—they no longer strictly belong to the Third World. That is the measure of President Bourguiba's success but, by the same token, the measure of the challenge he and his successors must face up to during the next few years.

## LE GROUPE CHIMIQUE TUNISIEN

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<b>SA.E.P.A.</b> SOCIÉTÉ ARABE DES ENGRAIS PHOSPHATÉS ET AZOTÉS Capital : 42.000.000 Dinars Factories : 2 units in Gabes Products : Phosphoric acid 330.000 t/year of P2O5 Diammonium phosphate 330.000 t/year Ammoniumnitrate : 300.000 t/year Employment : 1000	<b>CG.T.</b> GABES-CHIMIE TRANSPORT Capital : 1.000.000 D (5 0% ICM - 50% CTN) Transport of Chemical products 6 tankers-ships M/T GABES M/T GAFSA M/T TACAPES M/T GHANNOUCH M/T MANSOUR M/T MISKAR
<b>S.T.C.</b> SOCIÉTÉ TUNISIENNE D'ENGRAIS CHIMIQUES Capital : 1.500.000 Dinars Factory in Tunis Products : Super LS/16 50.000 tons Superphosphate Importation and commercialization Ammoniacal pesticides	<b>EG.</b> SOCIÉTÉ ENGRAIS DE GABES Capital : 7.000.000 Dinars Factory in Gabes Product : Monoammonium phosphate 100.000 tons by year (MAP) Employment : 100
<b>TECHNICAL FEATURES OF GROUP PRODUCTS</b> TSP 45 (SLA.P.E.) 47-48% P2O5 Total 43-44% P2O5 water soluble 3% maximum humidity Granulometry 1-4 mm The TSP of SLA.P.E. is free of arsenic TSP 39 ICM - 39% P2O5 Powder or granulated PHOSPHORIC ACID 52-54% P2O5 Normal and special quality (with no fluorine and clear) DAF 16-46 43% P2O5 water soluble Granulometry 1-4 mm 1,7% maximum humidity	<b>GRANUFOS</b> Capital : 1.026.000 Dinars Factory in Sfax Product : Granulated hyperphosphate 26,5% P2O5 60.000 tons M.A.P. IN POWDER 53% P2O5 10,5% N 52,5% P2O5 water soluble 3% maximum humidity DCP 41,5% P2O5 AMMONIUM NITRATE 33,5% SODIUM TRIPOLYPHOSPHATE (STPP) P2O5 Sup. 56% Na3 P 3010 Sup. 93%
<b>EL KIMIA</b> Capital : 3.200.000 D - Factory in Gabes - Product : Sodium Tripolyphosphate (STPP) 30.000 t/year - Employment : 80	<b>TUNISIA ENGINEERING AND INDUSTRIAL BUILDING</b> Rue Hedi Chaker - Tunis Tel. : 894.227 - Telex : 12147 TN GENERAL ENGINEERING AND OUTFITTER

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TUNISIA II

Thirty per cent of young people between 16 and 25 are out of work

Unemployment a major problem

THERE IS one economic problem that overshadows all others in Tunisia—unemployment.

The Government does not publish realistic statistics for its unemployed, but the bald facts are nevertheless easily stated. Tunisia has a population of 6.8m, of which about 55 per cent are under the age of 25. Some 20-25 per cent of the active population as a whole does not have jobs or is under-employed. Among the 16-25 age group unemployment is running at 30 per cent or more.

A large part of the unemployed are country folk who have drifted to the outskirts of the towns and now live in bidonvilles. These men and women are unskilled and not easy to employ. They are completely out of touch with the main political institutions of the country; they are constituents of neither the Parti Socialiste Destourien nor the Union Générale des Travailleurs Tunisiens—the trade union federation.

corners looking bored and resentful, sitting in cafes spinning out a 100 millime cup of coffee over a whole morning or loitering for business for tourist shops.

Although in Tunisia the gap between rich and poor is smaller than in almost any other Arab country, the resentment of wealth differences is probably higher than elsewhere in the Arab world. Because they are educated the young have aspirations.

Opinions differ as to how fast—or whether—the unemployment problem is getting worse.

The Government estimates that it needs to find 40,000 new jobs a year but this figure applies only to the net addition to the labour market from school leavers and does not include farmers drifting into the towns.

It is readily acknowledged that in the past three years the Government's target has not been met, in 1982, when the recession struck Tunisia, the shortfall was more than 10,000. To meet the additional need not be important because the intention is that those who do not find work at home should go to Europe, Libya or the Gulf, earn capital and then return to establish employment-creating small enterprises. In practice it seems that these countries have not been taking as many people as the Government would like.

MICHAEL FIELD examines the main economic issues

It was people from the bidonvilles who provided the most violent elements among the rioters last January.

Other sections of the unemployed are unskilled traditional urban dwellers and people who are well educated but who lack technical training. Because the Tunisian educational system is biased towards the civil service and the professions there are actually shortages of applicants for scientific and technological jobs.

Those who are unemployed get almost no help from the Government. If a man has had a job and lost it he is given state benefit for a short period during which he is supposed to find another job but in practice the payment amount to little more than a small severance bonus. The rest of the unemployed, including all the school leavers, receive nothing at all. They are thrown on to the resources of their extended families.

These people are conspicuous in all Tunisian towns. They can be seen lounging on street

To try and improve the situation the Government has altered the emphasis of its development policies in favour of labour-intensive projects.

In the past year it has issued a general investment law which provides tax relief and subsidies based on the number of jobs companies create. It has also established a fund to assist new handicrafts and cottage industries and to assist in the purchase of capital equipment in the hope that contractors and manufacturers will be forced to rely more on labour and less on machinery.

In the longer term it is suggested that the Government could do much to create employment by working out a new agricultural policy which would lead to greater investment in that sector and a reduction of the rural-urban drift.

The whole issue of unemployment and the creation of jobs in Tunisia has been brought to the fore by the riots of last January. These were triggered by the sudden removal of subsidies on all cereals and derivative products, which caused the price of bread to rise.

Given that the Tunisian Government spent TD 188m on foodstuffs subsidies in 1983, with most of the money going to cereals, the policy was sensible; it had the support of the International Monetary Fund and the Tunisian political and business establishment. However, it was put into operation ineptly. The entire subsidy was stopped at one time, instead of being staggered, and the removal of the subsidy affected a few days before a new system of aid for the poor was introduced.

Budget soon

Since the riots and the reinstatement of the subsidy the Government has been preparing a new budget. The contents have not yet been published—the deadline by which the budget must be presented to the President is the end of March—but much of its provisions are known.

It is understood that it will contain high taxes on imported luxuries, minor price increases on bread and other staple foods, a tax on private foreign travel (which will have little effect because most Tunisian officials continue for their trips abroad to be on the Government's behalf), and the postponement of some development projects financed by local (as opposed to external) and Western company funds.

Apart from saving Government revenues it is intended that the budget should help improve the country's balance of trade. In the middle of last year the Government was presented by the declining level of its reserves to reduce import licences for various consumer and capital goods to 80 per cent of 1983 levels.

There is a school of thought in Tunisia which argues that instead of trying to work its way out of trouble by imposing extra levies in one area, while

slightly reducing subsidies in another and restricting private sector activity in another, the Tunisian Government should consider a wholesale liberalisation of its economic system, or at least a thorough reform of the existing apparatus of regulations.

Those who argue in favour of this idea say that although they do not have an instinctive feeling—a gut fear—that the Tunisian economy is declining they cannot easily identify a plausible way out of the country's problems by mere adjustments of economic policies. They also argue that the Tunisian economy is strong enough and the Tunisians sufficiently politically sophisticated to tolerate a change in direction.

Supervision

The suggestion is that the Government should relinquish its very detailed and stifling supervision of the banks, reorganise the system of domestic price controls and lift the greater part of its exchange controls.

The price regulations extend far beyond the basic foodstuffs on which the Government pays a subsidy. They apply throughout the economy. They have been a major disincentive to industrial investment and have prevented the emergence of an

efficient distribution system for agricultural products. The lifting of exchange controls would certainly lead immediately to an exodus of funds. It has been suggested by the Prime Minister that the country would need \$2bn of deposits to fund the outflow.

In the longer term the obvious point is made that freer exchange controls would promote industrial investment by foreigners and encourage Tunisians to repatriate capital they hold abroad. Most rich and moderately rich Tunisians have foreign capital. Tunisian bankers say that they even meet people who have plenty of dollars or Swiss francs but who are short of dinars.

The problem with all aspects of liberalisation is that they would encounter the resistance of the bureaucracy. There is a large edifice of employment and personal prestige built around the regulation of the Tunisian economy and most of the country has become used to the apparatus of control.

The authority given to them by state regulations makes officials feel important. In the far words of a banker: "It encourages parochialism. The officials get an increased sense of their own power and too little sense of their country being just one cog in the wheel of the world economy."

Main thrust of industrial development is linked with overseas companies

More foreign investment sought

TUNISIA RELIES heavily on foreign investment. Its oil industry is run mainly by European and American groups. The main thrust of its industrial development is linked to foreign companies.

In the past 12 years some 300 European companies have been encouraged to set up a large number of foreign companies in Tunisia. The industrial part of their manufacturing operations in the state (see the article on industry). All of the output of these plants is exported. At the same time a large number of foreign companies have become involved in mixed export-domestic industries.

The Government is now looking to Tunisian-Arab oil state development companies to provide between a third and a quarter of the \$12bn investment called for in the sixth plan. The text of the plan does not actually state that the banks are expected to produce this amount but informally the Government and the banks have agreed that it would be a reasonable target.

The investments of the banks are not part of any aid programme; they are being made on a more or less commercial basis.

In the view of the Gulf states and Saudi Arabia, Tunisia is much the most attractive recipient of investment in the Arab world. Indeed, it is the only Arab country, apart from Jordan, in which it has been found consistently that investments can be made easily and profitably.

The problem for the Tunisians is that they do not receive as much investment from Western companies as they would like, partly because the terms on which foreigners can invest are not quite as attractive as they might be.

One of the Government's initiatives, the opening of Tunisia to offshore banking, has proved an almost total failure. The idea behind this policy, in the mid-1970s, was not so much to attract business that was leaving Beirut and so develop Tunisia as an international banking centre, as once again to try to bring foreign capital into the country.

In practice the policy failed on both counts. Tunisia has no rich capitalist neighbours, as Beirut and Bahrain do, so there was little reason for banks to establish a regional base there.

Those banks that did come to the country found that the loans demanded by the foreign manufacturing companies established under the 1973 law were in the range of \$200,000 or \$300,000, which were too small to make the expense of operating in the country worthwhile. This left the Government and the oil companies as customers both of which could be financed from the banks' branches outside Tunisia. The offshore banks were not allowed to lend to domestic private sector clients.

Among Western banks, Chase Manhattan and Bankers Trust never established more than representative offices in Tunisia. Bank of America opened an offshore branch but then downgraded it to a representative office, and Citibank opened a branch which combined the roles of an offshore bank and a regional headquarters for the corporation.

In the first role the Citibank branch is still by far the most important of the offshore banks in Tunisia, being involved mainly in financing the oil industry. Its second role has recently been scaled down by a reduction of expatriate employees from nine to three.

The banks as a group have been influenced not just by the small size of the market but by other seemingly mundane considerations, which have also deterred other industrial companies from investing in the state.

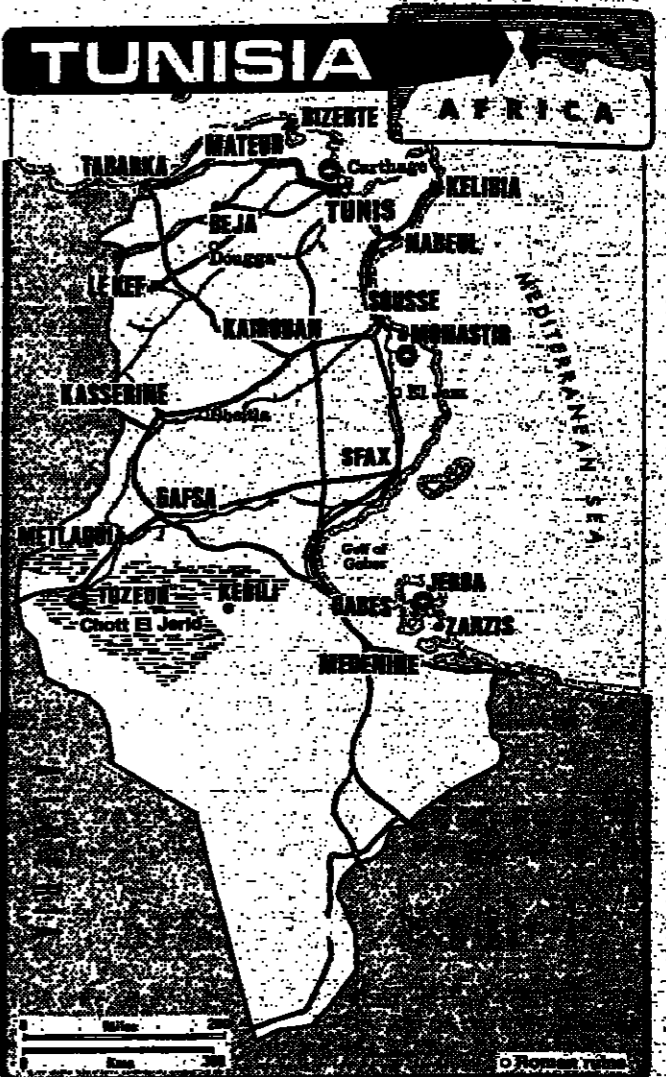
Much the most important of these is the Tunisian Government's taxation of foreigners in the country. Taxes are levied on an expatriate's income worldwide, which is deemed to include such company benefits as his house in Tunisia, the education of his children and flights home for holidays. Marginal tax rates run up to 80 per cent.

Americans are hit particularly hard by these arrangements because their Government has no double tax treaty with Tunisia. Inevitably it is the company, not the employee, that pays the Tunisian taxes. Companies say that the fiscal regime, on top of the other expenses of maintaining an expatriate in Tunisia, may increase the cost of their employees to four times the normal United States level.

The burden of personal taxes has been enough to cause some of the offshore banks and representative offices to consider whether there will be enough business in the near future to justify their maintaining their presence. Even the smaller oil companies, which have simple exploration or minor production operations and are pessimistic about the chances of further discoveries in the state, are taking personal taxation into account in considering their future.

It is thought that the Tunisian Government may do something to liberalise its tax regime fairly soon. Talks with the U.S. Government on a double taxation treaty are moving slowly. Tunisian officials do not feel that the broad issue of personal tax is very important—but the chances of individual companies negotiating tax concessions have improved, simply because so many corporations have complained in the past.

The sponsors of a group of 25 American companies who attended a recent two week study session on industrial investment in Tunisia believe that they may negotiate tax concessions—mainly because of the



number of companies they represent. Apart from personal tax, the anxieties of foreign investors concern the repatriation of their profits and price controls on their local sales. Complaints on the first score come mainly from oil companies, which in theory are allowed easily to repatriate their funds but in practice sometimes encounter difficulties. The other issue affects companies operating in joint ventures under the 1981 Industrial Promotion Law. This covers plants which export part of their output and sell part internally. Whatever the product of the plant that part of the output should be sold within Tunisia at a level determined by negotiations between the producer and the Government, but the gross margins allowed will be much lower than in the normal industrialised nations. The regulations, of course, hit Tunisian entrepreneurs just as hard as foreigners. In Tunisia the farmer's slaughterer their stock and going out of business and factory owners closing the doors of their plants in despair and handing the keys to the President.

M. F.

Advertisement for SOGITEK HOLDING AND AFFILIATED FIRMS, listing various textile and garment services across Tunisia.

Advertisement for LA COMPAGNIE TUNISIENNE DE NAVIGATION and its Associates, including LA SOCIETE MARITIME DE LA SKHIRA and LA SOCIETE DE NAVIGATION MARITIME TOURISTIQUE "NAVITOUR".

Advertisement for ENTREPRISE TUNISIENNE D'ACTIVITES PETROLIERES (E.T.A.P.), focusing on exploration, research and production of oil and by-products.

Advertisement for BIAT (Banque Internationale Arabe de Tunisie), highlighting customer assistance and international banking services.

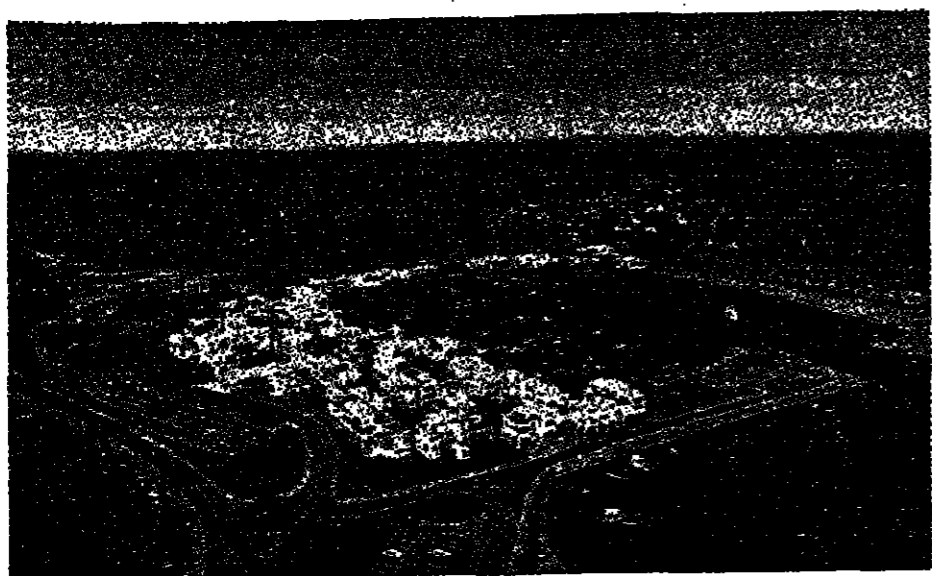
Large advertisement for C.F.C.T. BANK YOUR PRIVILEGED PARTNER IN YOUR BUSINESS AFFAIRS, featuring the bank's logo and contact information.

Handwritten text in Arabic script: مكتباتنا للاصل





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**TUNISIA IV**

**Oil has vital role in economic growth**

THE NAME of Tunisia is not usually associated with that of an oil-rich country—and, indeed, the smallest of the three North African countries did not belong to the Organisation of Petroleum Exporting Countries (OPEC). It only joined the ranks of the Organisation of Arab Oil Producing Countries (OAPEC) in 1982, after much opposition from its troublesome southern neighbour, Libya.

Tunisia's role in international oil politics may be negligible, but the average 100,000 barrels a day it has produced since 1974 have played a key role in maintaining the country's steady rate of economic growth.

Crude oil exports remain, to this day, Tunisia's major hard currency earner and have since oil was first struck in commercial quantities in 1964 at El Borma, provided a major contribution to what has traditionally been a weak balance of payments.

The decline in the value of oil exports has increased the apprehension in senior Tunisian official circles, that some industrial projects planned in the current Economic Development Plan may have to be delayed.

The postponement of the planned \$50m extension to the Bizerta oil refinery is partly attributable to this factor. But not all news is bad: Algerian gas to Italy is now flowing through the Trans-Med pipeline and Tunisia takes its "transit fee" in kind.

Meanwhile, the state oil company, Entreprise Tunisienne d'Activités Pétrolières (ETAP), has just signed an agreement with the Rotterdam based Paktank Europa to supervise the construction of a petroleum products storage terminal at La Skhira.

**Ambitions**  
It will be used for storage and blending of petroleum products moving between the Middle East, Europe and the U.S. and serve refineries being built in Saudi Arabia and Kuwait, as well as process products from Soviet and Libyan refineries.

President Habib Bourguiba, was once quoted as saying that "being a small producer of oil, rather than a large one, was probably a blessing in disguise for Tunisia." This meant that Tunisia did not nurture economic ambitions above its station and ensured that more traditional activities in industry and agriculture were not deserted for what might be the mirage of new-found oil wealth.

Retrospectively, the president can only be said to have been right. Yet, as the production of crude oil declined in 1981 and 1982, for technical reasons and not because of the world-wide oil glut, senior officials in Tunis can be forgiven for wishing that their country was just a little richer in oil and gas.

Tunisian officials and foreign oil companies drilling in Tunisia agree that there is little promise of a major oil or gas find. Yet the money being spent on exploration is still increasing: from 480 dinars (\$51.1m) during the last Economic Development Plan (1977-1982) to 730m dinars during the current Five Year Plan (1982-1987).

More than two dozen companies are actively drilling, onshore and offshore, and the five or six blocks which Etap farmed out for further exploration last year found sufficient bidders. The Kairouan Nord block went to Kuwaiti Foreign Petroleum Exploration Company (KFPC) and Elf Aquitaine. The Zaris block was won by Marathon and Svenska Petroleum while Gabes Meridionale went to Natamans.

The Didon Elyssa block was attributed to Penzoll and Rutherford while Conoco won Gabes Ouest.

Tunisia has been reasonably successful in attracting foreign companies to explore not least because the country has been politically stable for a long time.

However, the level of tax on the companies, particularly

of exploration. New techniques have also played a role in recent successes, all the more so as the country is, in geological terms, extremely complex.

Sophisticated techniques are more likely than elsewhere to result in new oil finds. For instance, Shell has developed a tanker-based floating production system which it is using to pump oil from the offshore Tazarka field. Such a system is of use to recover oil from small fields which may have as little as 5m barrels of recoverable reserves and which are remote from shore-based facilities.

**Concessions**

Oil is being found in areas which have been explored before. As a result, companies are trying to reclaim concessions given up as hopeless only a few years ago. Such is the case of Elf Aquitaine, near Kairouan: it surrendered there, a concession in 1979 which it has successfully reclaimed—this time with an ally in the form of the Kuwaiti Foreign Petroleum Exploration Company. Similarly, Marathon, which had handed back to Etap part of its concession in the southwest reclaimed it after oil and gas were struck at El Framij in 1981-82.

For Total, the story is a less happy one: it has not been lucky onshore while three-quarters of the offshore concession it held, together with Agip of Italy and Elf Aquitaine, in the Gulf of Gabes, were lost to Libya when the International Court of Justice ruled in favour of Tripoli two years ago, in the sea demarcation dispute between the two countries.

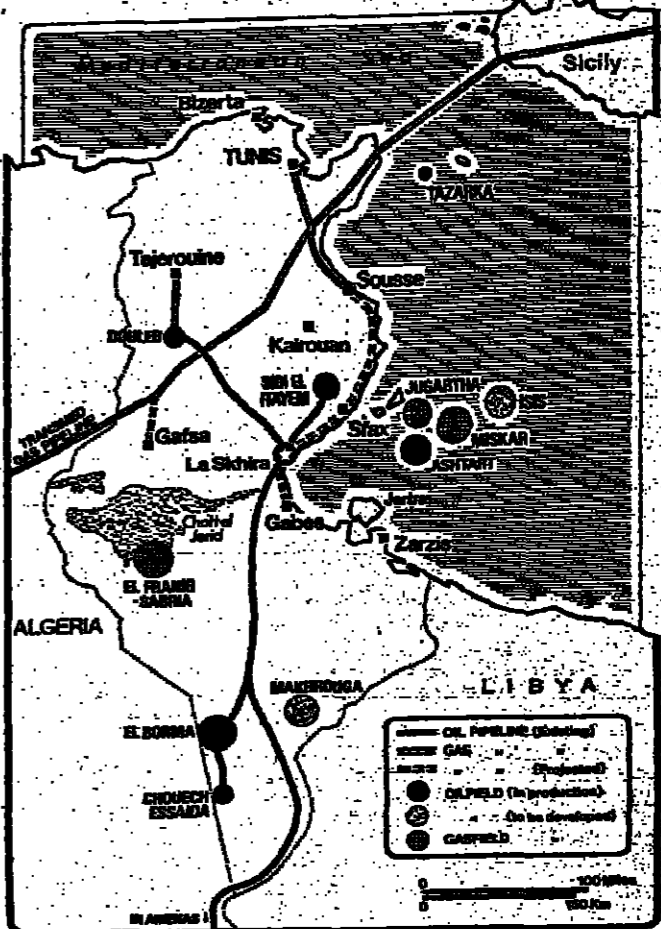
The loss is all the more keenly felt as geological surveys suggest that there was a good chance of finding oil.

During the last-but-one round of concessions, four years ago, about 75 per cent of Tunisian territory was allotted for three or four years to foreign companies.

That percentage has been increased to nearly 100 per cent by the concessions handed out last year. Here again, the Tunisians have switched from the practice of granting concessions to a given company to the generalised use of competitive tenders.

Research has been boosted by the new policies, while the Tunisians have benefited much from the foundation of ETAP, nine years ago.

Concern had been expressed four years ago at the lack of new discoveries and it was feared in Tunis that the country might have to import energy after 1986. That fear has now receded, but the energy team, built-up by M. Lasram, is intent on insuring that, into the 1990s, Tunisia will be able to continue exporting the same volume of oil as in recent years.



That policy is crucial if Tunisia's balance of payments is not to deteriorate further and the country's economic independence put in jeopardy.

The authorities are acting on two other fronts to conserve energy. First, they have increased domestic energy prices since 1980. Second, they have initiated sector studies to find out how trains, boats and heavy lorries can save oil and fuel.

While it was not a party to the events which brought about the large increase in the price of oil nearly 10 years ago, Tunisia has benefited considerably. The authorities were slow to adopt a more dynamic policy

Francis Giles

**TUNISIAN OIL PRODUCTION AND EXPORTS**

	1979	1980	1981	1982	1983
Production*	5.54	5.53	5.35	5.11	5.46
Net Exports*	3.94	3.92	3.77	3.6	3.97
Value†	320	460	530	550	620

\* In millions of tons. † In millions of dinars.  
Source: FT estimates.

**PHOSPHATES AND CHEMICALS SECTOR**

**Long-term plan is paying off**

IN SPITE OF the current unhappy state of the phosphate market, managers of the phosphate industry in Tunisia can afford to take a rather more relaxed view of the situation than other Third World producers, notably Morocco.

The reason is that they expect to export 1.3m tons of rock this year — a figure slightly above those for 1981 (1m tons), 1982 (1.1m tons) and 1983 (1.2m). Domestic use of phosphate rock has increased more than threefold in five years and is expected to reach 6.1m tons in 1984. A number of phosphoric acid and other downstream industries has come into production over the past decade, thus allowing Tunisia to reap the benefits of a clear-sighted and well-managed plan to build up the country's capacity to process phosphate rock.

**Decision**  
The initial decision to set up such processing industries was taken nearly 30 years ago, before Tunisia became independent. The then French owners of the mines, which are concentrated around Metlaoui in southern Tunisia, not far from the Algerian frontier, wanted to add value to what had long been low-grade rock.

Keen to develop new technologies, they built the first triple superphosphate (TSP) plant in the world. It started operating in Sfax, the country's second largest city, which lies half-way down the country's east coast, in 1953, four years before Tunisia became independent.

The Tunisians bought out the French shareholders a few years later, but this in no way slowed

the impetus to build up the downstream side of the industry. An added incentive was the country's desperate need for hard currency, especially in the early years after independence.

Two groups are in charge of the phosphate sector today—the Groupe Chimique Tunisien includes all those units involved in transforming phosphate rock, while the Compagnie des Phosphates de Gafsa, which has recently moved its headquarters from the capital to Metlaoui and will finally settle in Gafsa next year, looks after the mining proper.

The Groupe Chimique Tunisien co-ordinates the activities of the string of companies set up in Sfax and Gabes, under the aegis of M. Ali Benkhriche who has been the driving force behind this sector since independence. There is no doubt that the continuity his presence has provided, and the absence of political interference, has helped shape a group which foreign specialists in the field say is among the best in the Third World.

In Tunisia itself, many senior members of successive administrations praise the Groupe Chimique Tunisien's success for granted: in many ways it is the unsung hero of the country's drive to industrialise.

The quality of management, the very high capacity at which the plants operate, the shrewd marketing techniques and injection of strong doses of foreign equity, all can be quoted to explain the high regard with which this sector is held.

CONTINUED ON NEXT PAGE

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# TUNISIA V

## The industry must move up-market to continue to attract holidaymakers Tourism faces major changes

DESPITE being overtaken in the late 1970s by the oil sector, tourism remains Tunisia's second largest hard currency earner, just ahead of workers' remittances.

For a country with relatively few resources, the estimated 350m dinars brought in by tourism last year—more than a tenfold increase in a decade—is appreciable and all points to a further long-term development of this sector.

Yet the tourism sector is facing an increasing degree of criticism. Critics argue that hotels receive too much state help, that land and water are provided too cheaply, that 2m foreigners a year have a corrupting influence on young Tunisians.

In many ways, the critics may be missing the main point: the tourist sector in Tunisia will have to undergo major changes if it is to meet the challenge of mid-1980s.

The problems it faces today are in some ways more complex than those it had to contend with until the late 1970s—in particular, the Tunisian dinar today is probably overvalued. This is certainly true for visitors from Europe who, since 1982 have seen their choices helped by the devaluation of the Spanish, Portuguese, Yugoslav and French currencies.

All these countries are direct competitors and the two-thirds drop in tourists from Britain between 1981-83, is, in part, the result of higher costs. But tourists also complain of lack of entertainment and an environment which is seldom a match for what they can find on the Mediterranean's northern shore.

The tourist sector today accounts for between 4 and 4.5 per cent of Tunisia's GDP. About 450m dinars will be invested in the course of the current plan, of which 110m dinars have already been released. Around 30,000 new bedrooms are planned before 1986, 10,000 of which have been started, which will bring the total to 110,000. Overall, one quarter of all investment will come from foreign sources, notably Kuwait and Saudi Arabia.

Critics centre on two aspects of this development. It is too ambitious, they argue, to which the authorities point out that Tunisia is beholden to the charter market and needs to offer a ready choice of hotels.

Only 1-1.5 per cent of British travellers to the Mediterranean visit Tunisia; by offering a wider choice of hotels and resorts, the authorities feel they should be able to win a greater share of the market.

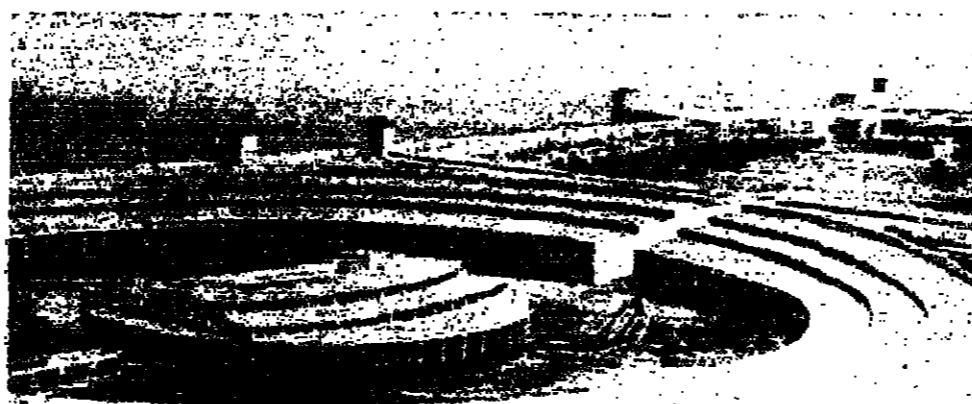
Critics also argue that state aid and grants are too generous. They are, where purchase of land and building of infrastructure are concerned, but no more than what Spain and Greece offer.

What the Tunisian authorities could avoid is the considerable overcapacity and overbuilt hotels, such as the 630 room Sousse for example for 0.3 dinars a square metre six years ago to 22.24 dinars today.

### More Jobs

The authorities have, from the beginning, restricted to 15 per cent the important content of any one hotel. The building of hotels has thus, over the past decade, provided a considerable boost to the building sector and to Tunisian manufacturers of furniture and textiles.

Every hotel bed is estimated to have created 0.4 jobs, or 32,000 jobs in all, of which 6,000 are seasonal. For every job which results directly from hotels, a further 3.5 have been created in agriculture, transport and services. For every job, in fact, 50 per cent of all Tunisian carpets and copperware are exported. Hotel accommodation is available all along the coastline



How the military harbour at Carthage might have looked 2,500 years ago. A British archaeological team excavated the site of the Phoenician city, which lies a few miles north of Tunis, as part of the Unesco-Tunisian Save Carthage project and provided a model. A painting by Peter Connolly of that model is shown above.

from Tabarka in the north, to Djerba in the south, giving between 70,000-80,000 beds in the country as a whole.

Tourism has developed very fast and too many tourists crowd into a narrow strip of coast between Hammamet and Sousse, as well as Djerba. Few go to the north, to the Sahara or to the many Roman sites scattered around the country-side.

However, the authorities have succeeded in extending the tourist season, thus making more jobs in the industry a little less seasonal and ensuring a better return on capital invested. But they have failed so far to attract tourists inland—something which would yield great economic dividends as the hinterland is much poorer than the coastal region—yet the south, in particular, would be very attractive to Europeans, especially during winter months.

Another concern—though one the authorities are less keen to voice publicly—relates to the social side effects of the large number of tourists to Tunisia. The bulk of the 1.5m plus

foreigners who visit Tunis every year are Europeans, although the number of visitors from Algeria and the Middle East is on the increase.

Tunisia has also succeeded in attracting a number of conferences, particularly during the spring and autumn months. The completion of the luxury resort of Sousse-Nord is expected in 1985, and will offer a wide range of hotels and other facilities, from yachting to golf.

A number of international hotel groups are building hotels in the country among them Hyatt—on Monastir—and the Kuwaiti-Tunisian Abu Nawas group which already operates the very attractive "Baie des Singes," on the coast near Tunis, and the "Diar El Andalous" at Port El Kantouli.

None of these, however, is likely to challenge the delight of the small privately-run "Djerba Menzel" on the island made famous by Ulysses, "the island of the lotus eaters."

The first generation of hotels in Tunisia, notably the Meridien's "Africa" in Tunis are not all as good as they once were, but new luxury hotels are growing up in the capital and many

tourist resorts. In Tunis, they are supervised by a good selection of private restaurants, though this is not true outside the capital.

This type of luxurious development is, however, criticised by some Tunisians who feel that it attracts the wrong sort of tourist and can only fuel social and economic grievances in the country.

But given the scarcity of resources the Tunisian authorities have little choice but to press on.

The growing influence of Muslim Brothers has already led to the banning of topless sunbathing and the authorities have to walk a fairly narrow path between pleasing the tourists—and some Tunisians—and respecting religious traditions and the mosque. The socially disruptive effects of tourism—for example, rising prices and the spreading of European attitudes—are there for all to see, however—and the aim "Le Soleil des Hesperes" illustrated some of these effects most graphically.

Since 1982, the rate of occupancy in Tunisian hotels has declined. The stagnation and, last year, the decline in the number of tourists from European countries, is forcing the authorities to look more carefully at the tourists' "product".

The competition is all the more daunting as mass tourism is a cut-throat business.

With over 11m tourists every year, Tunisia is aware that it must take its "tourist image" up-market and that is the challenge of the next decade.

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## Further developments in the chemical industry

CONTINUED FROM PREVIOUS PAGE

The Groupe Chimique Tunisien includes five different companies: SIAPPE, ICM, SAEFA, EG and CGT. Two further, much smaller units, based in Sfax and Tunis, produce granulated hyperphosphate and pesticides. SIAPPE, which is based in Sfax produces 330,000 tons of TSP from one of the group's older factories. Its capital is 98 per cent Tunisian. The Dutch Windmill company retains a 2 per cent share.

ICM, Industries Chimiques Maghrébines, thus named because the industry was initially planned to include three North African countries, based in Gabès produces 430,000 tons of phosphoric acid, 100,000 tons of TSP and 60,000 tons of BCP (bicalcic phosphate) every year. Its capital is split between the Tunisians (51 per cent) and the Kuwaiti Petrochemical Industries Corporation (KPIC) (49 per cent).

SAEFA, Societe Arabe des Engrais Phosphates et Azotes in Gabès employs 1,000 people and produces 330,000 tons of phosphoric acid, 330,000 tons of Diammonium phosphate and 300,000 tons of Ammonitrate a year. Its capital includes a 40 per cent stake which belongs to the Abu Dhabi National Fund. E.G., Engrais de Gabès, produces 100,000 tons of MAP (monammonium phosphate) from its factory in Gabès.

CGT, Gabès Chemical Transport owns six ships, of which one is out on loan, and will soon take delivery of a seventh. The Groupe Chimique's ability to carry the different products it makes has given it great flexibility in marketing and helped foster steady relations with countries as far afield as Indonesia, India and Iran.

Links with Kuwait are particularly close, not least because of the amount of capital this oil state has invested in Tunisia's industry. The Tunisians recently agreed to buy various companies in recent years was primarily an investment decision and leaves operational and planning control firmly in Tunisian hands.

The modernisation of the mines proper has met with far less success. During the current Economic Development Plan, \$125m is being spent on

PHOSPHATE ROCK	PRODUC-TION	DOMESTIC USE	EXPORTS	AVERAGE PRICE/TON
1982	4.7	3.8	1.1	42
1983	5.8	4.2	1.2	37
1984	6.1	4.8	1.3	32

is busy in Turkey. Tunisian patents for producing phosphoric acid and TSP have been sold to several countries, including Greece and Turkey.

During the current Five Year Development Plan about Dinar 250m (\$385m) will be invested, notably in plants in Gabès and La Skhir. A further Dinar 47.5m will be invested to modernise and maintain existing plants.

In addition to phosphates, Tunisia is soon to launch into developing potassium deposits in Zarzis, near Djerba. A potassium chloride and a magnesium oxide plant are on the cards for the late 1980s.

From TSP 30 years ago to merchant grade phosphoric acid in the 1970s and the current blossoming of a fully-fledged Tunisian chemical industry—the phosphate sector has come a long way. Buying out foreign shareholders initially achieved the "Tunisianisation" of the phosphate industry and that ensured that Tunisians controlled both the technical and commercial

Recognition of past mistakes, greater concern shown to the needs of miners who live in very shabby towns—Mellouli, Redeyef, Moularet—are a very long way in time and amenities from the likes of Monastir and Sousse. The quality of management should help the modernisation programme this time round. It should also mean that a more steady flow of similar quality rock to the different chemical units on the coast, and help the planning of the transport of wet phosphate rock for the SIAPPE project and other key developments which will help make the sector overall more profitable.

The successful development of these downstream industries earned Tunisian exports \$200m in 1981: that figure is expected to rise to \$400m this year, thus running the textile and leather sector a very close second. It will be 85 years this year since phosphate mining was started around Gabès. Having led the way in developing a phosphate based industry just before and after independence in 1956, the Groupe Chimique Maghrébin is now successfully building a broadly based chemical industry.

For what it provides in terms of training and modern skills, what it earns in terms of exports and for the fertilisers it provides for domestic agriculture, the phosphate sector can claim great success. Self-reliance as an integral part of industrial development has been quietly and effectively practised—never preached at the developed world. It is a success story with few equals in the Third World, and one which too few Tunisians know of.

The result is that many parts of the programme must be gone over again, at even greater cost. Tunisia is handicapped also by the fact that, unlike phosphate mine owners in the U.S., it cannot afford to close the mines temporarily when world prices tumble, as happened after 1980. Phosphate mines are the main employer in the poor southern region around Gabès and the miners' union is one of the bastions of the trade union movement, the Union Generale des Travailleurs de Tunisie.

Francis Ghille

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TUNISIA VI

# Moves to strengthen manufacturing base

FOR THE past 12 years Tunisia has looked to small-scale manufacturing as the best means of alleviating its unemployment and raising the standard of living of its people.

Since it established the Agence de Promotion des Investissements in 1972, employment in industry outside oil and phosphates has increased by about 180,000. Most of the jobs were created during the surge of industrial investment in the 1970s. The early 1980s have seen a sharp decline both in new jobs and new companies, mainly because of the world recession.

Now the Government is making an effort to revive the rate of growth by attracting vehicles and machinery companies, mostly from Germany and France, and encouraging small American companies to think of Tunisia as a manufacturing platform from which they can export to the rest of the Arab world.

By MICHAEL FIELD

### Comparisons in labour costs

For the foreign companies the attraction of Tunisia is the cost of its labour, which is reasonably cheap, though well above the levels of Morocco and Egypt, combined with the efficiency of its machinery.

The typical textile company imports its cloth by truck from Germany, cuts and sews it and packages the finished product in a rather rudimentary factory on the outskirts of a northern Tunisian town, and then trucks its output back to a distribution warehouse at home.

are slightly less competitive. The Tunisian textile worker produces only 70-80 per cent of what her German counterpart does, so a more useful comparison of wages would be based on the assumption that a Tunisian worker costs a company an hourly wage of \$1.80.


In electronics, where the work is simpler and the training required much less, Tunisian productivity has been found to be much the same as the productivity of workers in Europe. Two years after introducing the legislation which attracted the textile companies, the Tunisian Government passed a law to encourage domestically-orientated industry.

It allows minority foreign participation in projects if the foreign companies are bringing in new technology or opening new markets; it gives investors tax privileges and exempts them from import duties on materials that go into goods that are later exported.

When strikes do occur they are as often caused by bad labour-management relations as by disputes over wages. Common causes of disputes are sackings of bad staff and employers' failure to regularise the status of temporary employees.

The Agence de Promotion des Investissements, which is involved in formulating industrial policy and encouraging investment but does not provide finance in the way that Arabian oil state industrial banks do, is holding a shorter conference for 70 American companies in Sousse, later this month.

Trade unions are strong. In May, it has arranged for 40 American firms to talk to Tunisian entrepreneurs at a conference in Hammamet, with the intention that the meeting should lead to the establishment of joint-ventures geared to the local market.



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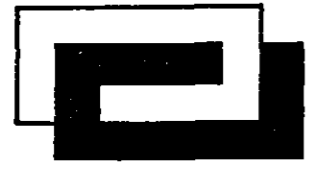
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## Bold reforms needed to boost agricultural output Farming: a neglected sector

SINCE 1971, and with the exception of one or two years, the Tunisian authorities have been extremely fortunate in the agricultural sector. The rainfall has been adequate each winter and spring and the country has been spared the evils of drought and excessive rainfall and hail which often afflict Mediterranean countries.

Agriculture production has thus held steady and in some sectors — fruit and vegetables, poultry and dairy products it has increased significantly. However, an average growth in production of 4.4 per cent during the past decade hides great variations in the performance of various commodities.

Improved faster than the ability of the agricultural sector to provide the food. This inability of the land to match the growing food requirements of the population is the direct result of the lack of investment devoted to the countryside in the past few economic development plans.

Standard of living still precarious. Efforts have been made in certain areas, but the standard of living of those who till the land, especially in the more remote areas, remains precarious, certainly well below that of towns such as Tunis, Sfax and Sousse.

Absentee landlords hinder progress. Secondly, problems of a political nature also hinder progress. Some state land is let for derisory rents to stalwarts of the ruling Socialist Destour Party — absentee landlords who often do not even bother to grow a crop. They calculate that by sitting on such land they will be in a better position to buy it cheaply — should the authorities ever decide to sell.


Tunisia's land tenure system further constrains the development of agriculture. Land distribution is extremely inequitable: 68 per cent of farms have less than 10 hectares and 70 per cent two or more separated parcels. Few farmers have land title and there is no legal protection for tenant farmers — all these factors discourage those who work the land from investing.

Foreign trade in agriculture has trended sharply since 1970. Then, the value of exports exceeded that of imports by 20 per cent. The value of exports was 75 per cent of that of imports during the latter part of the 1970s.

Part of the problem is that foreign prices have increased more rapidly than has the average price of exports. While the value of olive oil, fish and vegetable exports has increased, that of dates, citrus and other fruits has stagnated.

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SECTION II - INTERNATIONAL COMPANIES

FINANCIAL TIMES

Friday March 16 1984

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RTS GROUP TRACTOR-TRAILER SYSTEMS... SERVING SHIPS, PORTS, INDUSTRY

'Big loss' at U.S. financial group

By Paul Taylor in New York ALEXANDER & Alexander, the U.S.-based financial services group, which is the second largest insurance broker in the world, warned yesterday that it had a "significant operating loss" in the fourth quarter of 1983 because of the need to strengthen reserves further.

Hoechst payment set to rise on better results

BY JOHN DAVIES IN FRANKFURT HOECHST, the West German chemical group, gave a strong indication yesterday that it plans a dividend increase following a hefty boost in profits last year.

Further earnings advance at Woolworth

By Paul Taylor in New York F. W. WOOLWORTH, the leading U.S. retail group, yesterday reported its sixth consecutive quarterly earnings improvement, highlighting the group's financial turnaround and the benefits resulting from its reorganisation.

ERT and banks reach accord on debt rescue

BY DAVID WHITE IN MADRID THE BIGGEST financial restructuring operation ever undertaken in Spain was finally signed and sealed yesterday when Union Explosivos Rio Tinto (ERT), the country's principal chemical group, reached an agreement with the Spanish and international banking community.

Spain gives green light to sale of Rumasa's Banca Masaveu

BY OUR MADRID CORRESPONDENT THE SPANISH Government has approved the sale of Banca Masaveu, the first of the 20 banks formerly owned by the Rumasa group to be returned to the private sector.

Late setback at Turner Broadcasting

By Our New York Staff TURNER Broadcasting System, the U.S. television and cable news group led by Mr Ted Turner, suffered a net loss of \$3.1m or 25 cents a share in the fourth quarter of 1983, against \$1m profit, or 5 cents in 1982.

Poclair given FFr 500m support

BY DAVID MARSH IN PARIS TENNECO, the U.S. energy group, and financial institutions are jointly pumping about FFr 500m (\$63.2m) into Poclair, the ailing French construction equipment-maker, in a rescue package to stem losses and restructure its capital.

Great Western plans to raise \$1bn

By William Hall in New York GREAT Western Financial, the second biggest savings and loan group in the U.S., plans to raise \$1bn through the issue of Collateralised Mortgage Obligations (CMOs).

Porsche bows to U.S. retailers

BY JOHN DAVIES IN FRANKFURT PORSCHE, the West German sports car-maker, has bowed to pressure from U.S. retail car dealers and will make major changes in its independent U.S. distribution system, due to start in September.

Suchard to lift payout after advance

By John Wicks in Zurich JACOBS SUCHARD, the Swiss-owned coffee and chocolate concern, intends to raise its dividend for 1983 from 26 to 29 per cent.

Canada backs Challenger jet

By Robert Gibbons in Montreal THE CANADIAN federal government has finally committed itself to the Challenger executive jet program and is restructuring Canada's aircraft manufacturers.

National Semiconductor back in profit for year

BY PAUL TAYLOR IN NEW YORK NATIONAL Semiconductor, the major U.S. electronic components manufacturer, reported a profit of \$15.5m for the third quarter ended March 1, on sharply higher sales.

Amro Bank dividend up

BY WALTER ELLIS IN AMSTERDAM A FURTHER increase in debt provisions, by Fl 100m, to Fl 950m (\$331m) did not prevent Amsterdam-Rotterdam bank (Amro) from achieving a 28 per cent jump in net profits, to Fl 208m, for 1983.

Williams & Glyn's Bank Limited U.S.\$75,000,000 Floating Rate Capital Notes 1991

BAWAG BANK FÜR ARBEIT UND WIRTSCHAFT A.G. U.S.\$40,000,000 Subordinated Floating Rate Notes due 1990

Crédit Commercial de France US \$ 250,000,000 Floating Rate Notes due 1996

WIN DE TUNISIE

Friday March 16 1984 base 25 When strikes are on... T.E.P. SOCIETE TUNISIENNE D'EXPLOITATION PETROLIERE 192 Rue de Palestine 239 244 - Telex 1263 establishment: 1961 millions Tunisian Dinar production: El Borma discovery: 1953 exploitation: 1956 14.2 millions m3 of Tunisian national production SUN-BEAM UR GLASS

INTL. COMPANIES & FINANCE

Fujitsu's heart set on U.S. market

BY TERRY POVEY IN TOKYO

THE PURCHASE by Fujitsu, Japan's leading computer manufacturer, of an additional \$190m stake in Amdahl of the U.S. — taking its total holding to just over 49 per cent — is confirmation of the Japanese company's intention to push for a bigger share of the American market.

In Japan Fujitsu, with group sales totalling ¥857bn (¥4.3bn) in the year to March 1983, is running neck and neck with IBM Japan (the wholly-owned subsidiary of the U.S. computer giant) for market leadership. In the domestic market Fujitsu is just ahead of IBM in forecasts for the year ending this March, although of course the U.S. company is a long way ahead internationally.

Fujitsu is becoming increasingly aggressive overseas — exports counted for just under a quarter of the total last year and the plan is to raise them to 30 per cent this year. However, despite its great strength in the domestic market, the company has still largely failed to establish a presence abroad under its own name, after preferring to manufacture on another's behalf and sell under the partner's name.

The relationship with Amdahl is one example of this theme. Mr Edward Thompson, Amdahl's treasurer, says: "Fujitsu supplies us with computer sub-assemblies, data storage and data communications equipment."

According to industry analysts in Tokyo, Fujitsu's sales to

Amdahl were worth about ¥40bn last year. In the words of Mr Takuma Yamamoto, Fujitsu's president, "the volume of Amdahl's products we make is about half, or just under, of their 580 system — that is why we call it sub-assembled." Hence the supplies to Amdahl constitute a big chunk of Fujitsu's overseas sales and are an even larger part of the U.S. company's

turnover, which was worth \$778m in 1983. Fujitsu will not, however, confirm these figures — the company is a byword for secrecy even in Japan — but at Numazu, nesting in the foothills of Mount Fuji, Mr Hiroshi Terada, the complex's assistant manager, had little hesitation in identifying the lines of machines being made for foreign customers.

Japan's leading computer group has illustrated its determination to secure a bigger slice of the U.S. market by boosting its stake in California-based Amdahl

One area of impressive direct sales is to Australia where 300 large-scale computers have been shipped so far and are sold by Facom Australia, a subsidiary. However, Fujitsu has its heart set on the U.S. market. "Our aim is not to beat IBM but to stay in the game with them and to do that we must challenge them in the U.S. market," said Mr Noboru Yamaguchi in the company's Tokyo head office.

The pressure of competition with IBM is reflected in the decision made to compete directly by Fujitsu. "These days everyone wants IBM compatibility," said Mr Yamaguchi. Fujitsu does not offer IBM compatibility as a standard on any of its products other than the machines made for Amdahl.

It does, however, offer "system compatibility" for its medium and large machines. This same limited form of compatibility also applies to the ICL and Siemens products made by Fujitsu.

Fujitsu is not only a main-frame computer manufacturer. It began life as a telephone and telephone exchange manufacturer and still reaps 17.8 per cent of group sales, compared with 59 per cent from computers, from the telecommunications sector.

The company's second major growth area is the production of semiconductors where it ranks fourth in Japan. Of the total capital investment planned for the year to March 1984, half or ¥350bn is for expanding chip production.

The company is now building up production of 256K D-rams — the next generation of memory chips. According to Mr Terada it is making 300,000 to 400,000 a month and already they are being used in the group's specialist scientific, mini-computer and scientific strategy. Europe is a modest target — the target is a 5 per cent market share in two years — gained by stealth rather than great fanfare. The same strategy now really is said for the U.S. The Amdahl stake, plus the opening in Dallas of a plant to make large-scale disk storage units, is a sign of a greater aggressiveness. Fujitsu's slow siege of the American market has clearly moved up a notch.

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Merrill Lynch Capital Markets

January 1984

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Merrill Lynch Capital Markets

February 1984

Bell seeks to buy rest of Weeks

By Lachlan Drummond in Sydney

MR ROBERT HOLMES A COURT, who last month snatched control of Weeks Petroleum in an A\$250m (U.S.\$241m) raid on the London Stock Exchange through his Bell Group master company, is to buy 100 per cent of Weeks through his subsidiary, Bell Resources.

If successful, the all-script offer from Bell Resources would more than double its capital base and increase the reduced 45 per cent stake in Bell Resources held by Bell Group closer to 50 per cent. This in turn would pave the way for the widely expected third all-script tender offer by Bell Resources for shares in Broken Hill Proprietary.

Bell Resources intends to offer three of its ordinary shares plus three options expiring in 1987 for each five of the roughly 62m ordinary shares in Weeks Petroleum. The Weeks family of the U.S. is to sell 6m Weeks shares from its controlling stake to Bell Resources for an immediate U.S.\$5m plus U.S.\$4m payable on 31 January 31 1989, the outstanding amount to be interest free.

The family also intends to accept the share and option component for their remaining 56m shares in the Bermuda-registered Weeks.

Based on market prices for Bell Resources ordinary shares and its 1984 options, the scrip values the remaining Weeks shares at a little more A\$6.80 a share, some 40 cents below the closing market quote in Australia yesterday, and about 80 cents less than Bell paid for its existing 48 per cent stake.

Weeks Petroleum's major interests are 51 per cent stake in Weeks Australia, an oil explorer which is capitalised at A\$50m and has 10 per cent of the promising Jahru oil field off the northern coast of Australia and a 1.378 per cent overriding royalty over the Bass Strait oil fields, which provide some 70 per cent of Australia's oil requirements.

Court stalls moves against Escorts board

By John Elliott in New Delhi

AN attempt by the Life Insurance Corporation of India to remove a retired field-marshal and several other leading public figures from the board of Escorts, a Delhi-based engineering company, was stalled in the Bombay High Court yesterday.

After a two-week hearing on a suit brought by Escorts against the Reserve Bank of India, the court decided to restrain Life Insurance from calling its proposed extraordinary general meeting aimed at ousting the directors, until the case had received a full hearing. This was decided partly because of the implications of the case for other major Indian companies which have financial institutions as major shareholders.

The decision is a blow for the Government, which wanted the directors changed to speed up acceptance of shares bought by DCM, another Delhi company, by Mr Swraj Paul, an Indian-born businessman who lives in the UK, where he controls the Caparo group.

The Escorts directors' position is now likely to be raised at the company's annual general meeting in June.

Sony first quarter profits soar

BY TERRY POVEY

SONY CORPORATION, one of Japan's leading makers and exporters of electronic goods, has benefited strongly from the worldwide revival in demand for consumer electronics which got underway in the middle of last year. Its first quarter results announced yesterday showed net profits for the group almost trebled at ¥17.3bn (\$77.3m).

In the three months to January 31, sales rose by 13.2 per cent from ¥272.7bn last year to ¥308.7bn this. Overseas sales rose by just below the company's average to account for 70.7 per cent of the total. In the U.S., however, there was a 47 per cent rise, reflecting the expected sharp leap in de-

mand ahead of the Los Angeles Olympics.

The rise in video equipment sales is particularly impressive, given the increasing dominance of the VHS format over Sony's own Betamax system. VCR and video tape sales rose by 17.7 per cent to account for 43.2 per cent of the total.

Also important was the continuing decline in its inventories — yet another reflection of the booming demand which has enabled it to boost production to 250,000 VCRs per month. This represents 90 per cent capacity use. With demand still strong, a current inventory level of just over 2.5 months' output is, if anything, on the

low side in the view of securities analysts.

Long-term debt has been reduced from ¥949bn at the end of July 1983 to ¥220bn by the end of January.

Canon, the Japanese camera and business equipment group, lifted consolidated net earnings by 37.1 per cent to ¥28.4bn (\$127m) in the year ended December 31, despite the impact on exports of the year's appreciation, writes Yoko Shibata. Sales rose 13.2 per cent to ¥657.3bn from the previous year, while profits per share were ¥58.58 compared with ¥52.08.

Office equipment sales rose by 25.4 per cent to account for 59.2 per cent of the total turnover.

Carrian debts 'exceed assets' by HK\$2bn

By Robert Cottrell in Hong Kong

CARRIAN INVESTMENTS' debts exceed its assets by roughly HK\$2bn (US\$ 256m), the directors of the bankrupt company said in a filing made yesterday with Hong Kong's official receiver.

Carrian Investments was once Hong Kong's highest-flying property company. Winding up proceedings began last October, and two directors face criminal charges under Hong Kong's theft ordinance.

Mr Ian Robinson, one of Carrian Investments' three liquidators, said the statement was only a directors' estimate. It would take several months to confirm the company's detailed financial position.


The Carrian directors say that creditors' claims lodged with the company stand at just less than HK\$2.7bn, after offsetting any assets which were charged as security against loans.

The liquidators have started realising some of Carrian's more important assets, including the sale of a joint venture project in Australia. They note that Carrian's major U.S. assets were sold by the firm before the liquidation order, that most of the agreed purchase price has been paid. The liquidators are arranging to receive the balance. The assets, including a commercial property development in California, were sold to Mr Yap Liu Sen a Malaysian businessman, for US\$75m last July.

At its peak in 1981, Carrian Investments enjoyed a market capitalisation of HK\$6bn. Its privately held parent company, Carrian Holdings, is also in liquidation. At year-end 1982 Carrian Holdings showed a net asset deficiency of HK\$1.15bn.

March 16, 1984

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

WOMEN who want to make a career in banking have a better chance of moving up the promotional ladder in the U.S. and France than they would in the UK, Belgium or the Netherlands.

The U.S., particularly, has experienced a dramatic increase in the number of women managers in banking. For example, in the 10 years to 1981 the proportion of women officers and managers in Continental Bank rose from 15 per cent to 40 per cent.

Yet, for all this progress, just how far has the scope for women in banking really developed and what has generated the momentum? A research project in each of the five countries has discovered that, despite their similarities, there are key differences in the way banks use and develop the abilities of women employees. While only one bank was researched in detail in each country, a more general survey showed that the situation was similar in other large banks in the five countries.

In the U.S., strong legislation, combined with effective activity by women's groups, has caused organisations to take steps to find and encourage women of potential.

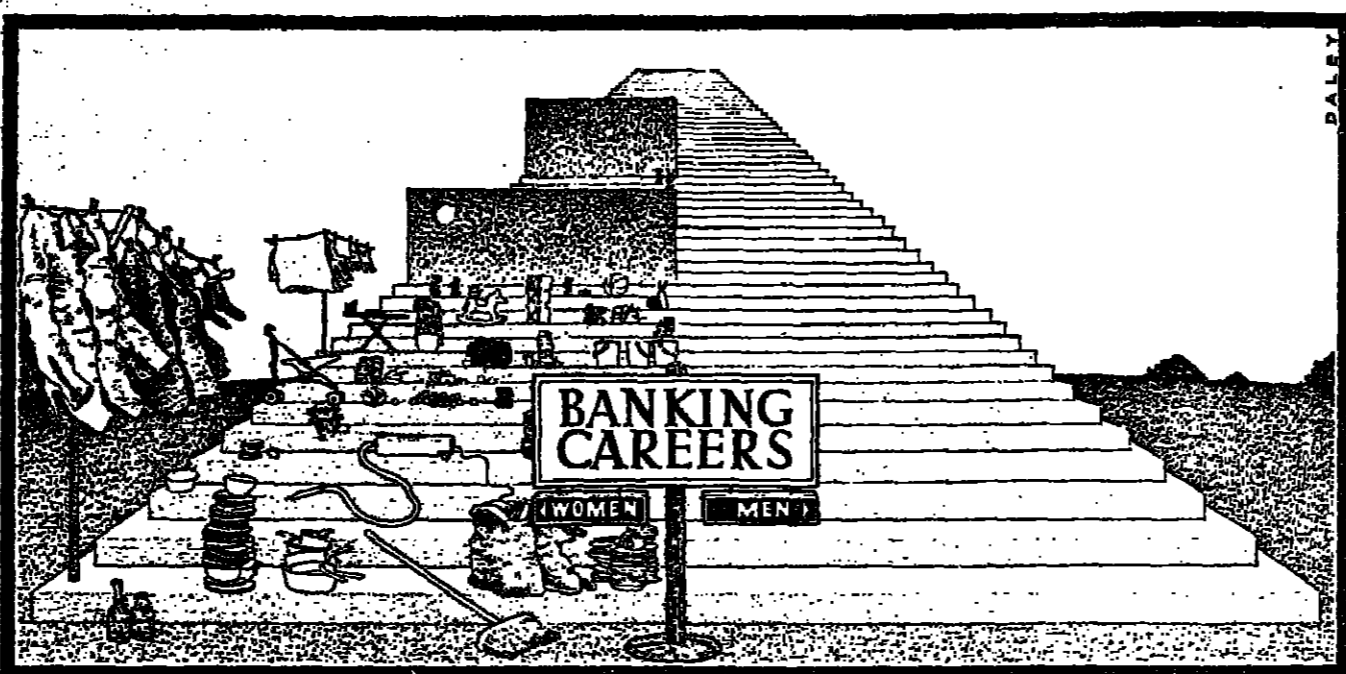
In France, social attitudes and the public provision of childcare have made it easier for women to combine a career and motherhood.

Women's progress was slowest in the British and Dutch banks where less than one in 20 of the officials and managers in the banks studied were women, as against one in four in the French banks.

For varying reasons in all Western countries equal opportunity for women has become a live issue. In the U.S., action was sparked off by political pressure among blacks and their supporters in the 1960s leading to legislation aimed at eliminating discrimination. This aroused interest in sex discrimination and sex was included in the anti-discrimination legislation. As a result, large organisations with Government contracts were required to draw up affirmative action programmes.

Legislation in the UK and the rest of Western Europe has not required affirmative or positive action programmes as such but both the Sex Discrimination Act in the UK and the EEC Directive on equal treatment for men and women make discrimination illegal.

In banks, where women form a large part of the labour force, some managers have come to realise that women's talents are not being used and that this is to the commercial disadvantage of the organisation. As Gordon Jones, deputy



Women are worth banking on

Margery Povall and Nancy Seear examine the results of recent international research

chief executive of National Westminster Bank, explained at a seminar held in Belgium in 1982 to consider the research project's findings: "We saw a positive action programme as providing more women in supervisory and management positions AND an improved level of supervision and management as a result. A management team that comprised both men and women was likely to be stronger than a management team that consisted solely of the members of one sex."

The original impetus for any programme requires commitment from an influential figure prepared to devote time and resources, and to take risks to create a climate for change. As one banker puts it: "What interests the chief executive fascinates the senior managers."

To implement a programme, an analysis is first needed of the distribution of men and women by grade, skill and pay levels. The rate of flow from one grade to another usually reveals a smaller percentage of women than men being promoted at every level. Personnel policies and practices are a cause of this. For instance, in all the European banks studied there were differences in the educational attainments of the girls and of the boys on recruitment. In at least some cases this was deliberate policy.

A positive action programme analyses such practices and, where justified, steps are taken to relate the mix of people recruited to the mix in the labour market.

Bankers' experience showed that programmes set up with top management support but without the involvement of middle and lower management and of women themselves will achieve only limited results.

Different banks handled this phase differently according to their customary style. In some it was restricted to informal discussion, in others training seminars and workshops were organised. Managers had to be convinced that this was not just another passing fashion but a programme to which it was worth their while committing time and energy.

Women also took part in the analysis of the issues involved and contributed to the formulation of the programme. Objectives set for programmes vary widely. In the U.S. there are annual targets to increase the percentage of women promoted, and (where appropriate) recruited, into grades or jobs where they are under-represented. European banks, along with other European organisations, have been reluctant to set such specific targets, preferring instead the broader objectives of removing unjustifiable

barriers in personnel policies and practices, in the belief that this will enable more women to progress on merit.

British legislation allows for only one type of reverse discrimination: special women-only training programmes for jobs where women are greatly under-represented. Banks are beginning to support them. National Westminster sponsored the "Managerial Effectiveness for Women" course run by Kirsty Ross for The City University Business School. Women from the Bank of England, Continental, Chase Manhattan and Midland Banks have attended this course along with others from organisations such as W. H. Smith, Unilever and British Airways. Midland Bank and Royal Bank of Canada are also running courses for women.

In banking, as elsewhere, the reality of equality of opportunity is difficult to achieve as long as what has been termed "indirect discrimination" exists. According to the Sex Discrimination Act this is where a requirement is laid down for a job with which, in practice, it is more difficult for one sex than the other to comply, and which cannot be shown to be justifiable.

The legality of mobility requirements in banks has not been tested against these criteria. It is clear, however,

that such requirements restrict the promotion possibilities of women, if only because managers tend to assume that any woman, regardless of her domestic position, cannot and will not move whatever the job offered.

At the EEC seminar it was widely accepted that mobility was a problem not only for women but increasingly for men. Adaptations made by banks in various countries included short term (up to six months) assignments to reduce the need for long term moves for both women and men; the introduction of more functional mobility in order to reduce the need for geographical mobility; the advertisement of jobs internally to enable individuals to decide for themselves whether they wanted to move or not; the restriction to high fliers of the qualified requirements of mobility throughout their working lives; the regular review of individuals' mobility to take account of changed domestic circumstances; the abandonment of a policy of requiring a commitment to mobility.

The concept of a lifetime career, traditional in European but not in U.S. banking, has undoubtedly affected women adversely. Women have been seen, and have seen themselves, as temporary employees. In

consequence they have not thought it worth while to study for examinations and have not been encouraged to do so. In British and Dutch banks which they have left to have children they have not expected to return to a continuing career. In contrast, in France, where the banks provide up to three years' leave for child-rearing, many women assume that they will have only a temporary break in their careers.

In National Westminster Bank it is now possible for some women to return within five years to a job at the level from which they left. Its retainer scheme for women of high potential includes a requirement to return to the bank for two weeks' work a year while the women are at home.

It is too early in Europe for any positive action to have produced dramatic changes in the numbers of women in managerial jobs. In the U.S., however, with over 10 years' experience, managers report encouraging results. Eugene Croissant of Continental Bank reflects the views of other American managers when he says: "... it set a positive tone in our organisation... it positioned us in the industry and on the college campus as a place where women could grow and (ii) gave our organisation a true sense of pride in accomplishment. The imagination, creativity, inter-personal skills displayed by women in so many other fields for so many years, are now being applied to the business world. This talent is truly a national resource. It would be a shame to waste it, not to let it flourish or even expand it significantly."

The research in Britain was carried out at the London School of Economics and later at the City University Business School, in France by the Centre d'Etudes de l'Emploi, in Belgium by the Institut de Sociologie de l'Université Libre de Bruxelles, and in the Netherlands by Erasmus University. The project was undertaken with financial support from the German Marshall Fund of Washington, and as the work expanded additional resources were provided by the Commission of the European Communities, and in Britain by the Manpower Services Commission and the Equal Opportunities Commission. In the Netherlands the research was financed by the Ministry of Social Affairs.

Margery Povall is a Research Fellow and Baroness Seear a Visiting Professor at the City University Business School, London.

Management abstracts

Management of human resources and productivity. H. C. Jain in Journal of Business Ethics (Netherlands), Nov. 83. Reviews the literature on the quality and professionalism of personnel industrial relations management in Canada, and its relationship to (a) the effective management of human resources; (b) workforce job satisfaction/productivity; and (c) the growth of the enterprise; finds evidence of a lack of professionalism, examines its implications, and suggests ways—organisational change, quality of workforce programmes—of improving productivity and growth.

New product exposure. G. A. Marken in Business Marketing (U.S.), Nov. 83. Suggests a step-by-step approach to a new product launch/promotion which stresses customer awareness, maximum pre-launch publicity, and advance marketing presentations by a specialist sales force. Claims that effective planning will ensure up to six months more exposure than more traditional promotional methods.

Developing human resource managers. J. C. Rush and J. Gandz in Business Quarterly (Canada), Autumn 83. Identifies new socio-economic/technological directions that strongly influence the role of human resource managers in an increasingly unstable, cost-conscious business environment; discusses the main components of their role—administration, organisation design, and strategic formulation—and how such managers may be developed, nurtured and given the opportunity to perform.

The economic logistics of quality management. S. Oliver in Chartered Mechanical Engineer (UK), October 1983. Suggests that calculating the total cost of quality control as a percentage of total business costs is of little value, maintaining that organisations should ascertain the return from spending more on quality control; proposes a hypothetical example based on assumed scrap and product rectification costs.

Dealing with problem people. R. Garlick in Chief Executive (UK), November 1983. Presents views on recognising and dealing with difficulties that might injure corporate performance, and how to deal with them—by ignoring them, feedback, counselling, situation change, or as a last resort dismissal.

Corporate Rescue. S. H. Rajani in The Accountant (UK), 13 Oct '83. Discusses circumstances under

which business rescues might be viable, and classifies the main types of rescue; focuses on informal rescues—where arrangements are reached with loan creditors/providers equity capital; describes how a rescue package can be organised and made to stick, with a look at the legal constraints. The stress of excellence. S. Streufert in Across the Board (U.S.), Oct. '83. Examines research which shows that time-urgent and competitive executives are less effective managers than "multi-dimensional" executives who assume a greater complexity of thinking in decision-making; warns, however, that such complexity leads to increased susceptibility to heart disease; discusses how stress can be relieved, e.g. by easing workload and building greater flexibility into organisations.

Relocation. J. Goddard and others in The British Journal of Administrative Management (UK), Nov. '83. A set of three articles which consider the relocation process: (1) discusses objectives, planning and criteria for choosing a new site, and points out that costs must be continually reported; (2) looks at family pressures on executives; and (3) considers the financial implications of inter-organisational communications, and the removal.

Work measurement with electronic equipment. J. Merckel in Bedrijfsvoering (Netherlands), Sep. '83 (in Dutch, English version available). Stopwatch out—this consultant has no doubts about that, and that there will be a return to measurement techniques, much neglected in the 1970s, but in modified forms that pay less—not more—attention to time. Describes experience on company's switchboard with three operators that had been the subject of many management and staff complaints.

Environmental forecasting. J. A. Pearce and B. Robinson in Business (U.S.), July/Sept '83. Discusses environmental variables that are critical to company strategy; development; analyses on the selection of sources of information, examines forecasting techniques for identifying trends, and suggests ways of integrating results into the strategic management process.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £3 each (including VAT and postage with order) from Anbar, PO Box 23, Wembley, HA9 8DJ.

Vertical text on the left margin containing various financial and market-related snippets.



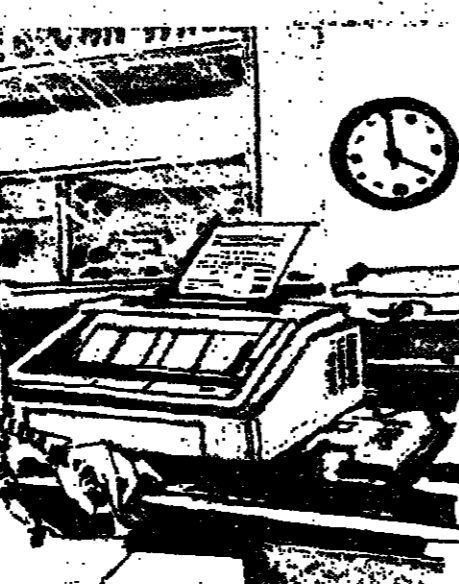
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GOLD advertisement for Thursday May 3, F.T. International Gold Conference in Hong Kong. Contact: Hugh Sutton, Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY. Tel: 01-248 8000 Ext. 3300

Knock knock who's there? Barnardo's advertisement for a survey on the above subject on Thursday May 3. Includes contact information for Nicholas Lowe, Appeals Director, Dr Barnardo's, Tanners Lane, Barking, Essex IG6 1QG.

Hill Samuel Base Rate advertisement. With effect from the close of business on March 16th, 1984 Hill Samuel's Base Rate for lending will be reduced from 9 per cent to 8 1/2 per cent per annum. Interest payable on the Bank's Demand Deposit Accounts will be at the rate of 5 1/2 per cent per annum. Hill Samuel & Co. Limited, 100 Wood Street, London EC2P 2AJ. Telephone: 01-628 8011.

CONFEX 84 advertisement for THE BARBICAN - LONDON 21-22-23 MARCH 1984. Includes contact information for PEL COMMUNICATIONS LTD, PO Box No 331W, Wembley Middx HA9 9NU. Telephone: 01-968 2122. Telex: 922488 Bureau G Ref PEL.

# UK COMPANY NEWS

## United Biscuits surges by 21% to a record £83.2m

United Biscuits (Holdings), the largest biscuit manufacturing group outside the U.S., pushed its pre-tax profits up to a record £83.2m for the 1983 year, which was an improvement of 21 per cent over the £68.4m returned for the preceding 12 months.

The group is lifting its final dividend from 3.56p to 4.3p, making a net total payment of 7p per 25p share, compared with 5.8p.

Sir Hector Lalng, the chairman, says the first half increase of 35 per cent was measured against a sluggish first half performance in 1982 whereas the group's 14 per cent advance in the second six months has to be set against an excellent second half performance previously.

Looking to 1984 Sir Hector says that despite the costs of exploiting the new opportunities in the U.S. present indications are that the year will again be "very satisfactory."

Group turnover for 1983 rose by 18 per cent to £1.42bn (£1.21bn) and trading profits advanced from £58.2m to £98.3m, an increase of 17 per cent. Profits before tax as a percentage of turnover amounted to 5.8 per cent (5.7 per cent).

Interest charges were little changed at £16.1m (£16.7m) but tax took £3.4m more at £25.4m.

Below the line extraordinary costs soared to £34.3m (£4.8m) but Sir Hector explains that although these charges were very large they should be seen in the context of savings of over £10m a year.

The extraordinary costs were

a result of the decision to close the Liverpool factory in order to assure "the continuing vitality of the Biscuit Company."

Of the £32.2m factory closure employee costs totalled £14.6m and site and plant write-off £9m. Earnings for the year improved by 24 per cent to 18.3p (14.8p) per share. The return on average capital employed has increased to 20 per cent, the minimum target that was set by the directors in their corporate objectives.

The chairman says that although the biscuit market in the UK has been static for 15 years, and is unlikely to expand in the foreseeable future, the group increased its market share over the year by 3 per cent—the highest level ever—with maintained margins.

He adds that this demonstrates the substantial progress and continuing pre-eminence of the group's biscuit operations, both branded and private label, which together contribute 62 per cent of UK profits.

Shareholders are told that while maintaining the strength of established high volume lines the directors see growth coming from trading up to higher added value lines. A number of new products are in the pipeline.

A divisional breakdown of UK turnover and trading profits shows: biscuits £54.5m (£51.1m) and £28.1m (£26.1m); foods £23.1m (£20.5m) and £19.2m (£17.6m); frozen foods £86.7m (£76m) and £1m (£0.6m); D. S. Crawford £61.3m (£54.4m) and nil (£0.5m); restaurants

£31.2m (£27m) and £1.6m (£1.5m); international £12.4m (£11.5m) and £1m (£0.5m); Wimpy £30.9m (£28.7m) and £2.2m (£1.4m); distribution services £34.5m (£33m) and £1.7m (same); and Cochrane Vehicle Holdings £15.2m (£5.1m) and £0.6m (£0.2m).

A breakdown of North American turnover and trading profits shows: Keebler £500.5m (£389.4m) and £37.1m (£30.5m); speciality brands £37.2m (£30.4m) and £8.3m (£8m); other £28.4m (£10.8m) and £0.1m (loss £0.8m). The disposed Canadian businesses accounted for £2.1m (£13.6m) and nil (£0.1m).

competitive trading environment. Total volume in the UK biscuit market in 1983 was marginally lower than in 1982 but the company's branded biscuit sales volume was 2 per cent higher, and its market share improved.

Sales of Terry's chocolate confectionery were only modestly affected by the exceptional summer weather—the company's trade is heavily weighted towards Christmas and Easter. Terry's sales volume in 1983 was more than 7 per cent up on the previous year—well ahead of the growth evident in the confectionery market generally.

Looking to the future, the

prosperity of the division will be assured.

The foods sector achieved an overall volume increase of 7 per cent in 1983. Both the KP and retailer services divisions shared in this growth and exceeded their volume targets for the year. Private label biscuits increased their volume by 8 per cent.

The KP brand improved its major market share of the nut market in spite of considerable private label growth and KP crisps expanded by 8 per cent.

It is expected that 1984 will see a continuation of the growth experienced in 1983 in the total snack market assisted by the continued development of multipack sales in the major multiples. This, together with the planned investment to further improve productivity levels, should result in the division attaining its profit objective.

Last year was once again a year of significant change and progress for frozen foods division. Turnover increased by 16 per cent and profit by 67 per cent, excluding Rakusen.

During 1984 further strong volume gains are planned in all three divisions of the frozen foods sector.

Although the merging of TFC-Sorge will cause some short term disruption and extra cost, the improved levels of efficiency planned throughout the whole of the division should ensure a further encouraging increase in profits.

DS Crawford, which operates the group's bakery and meat interests throughout Scotland and

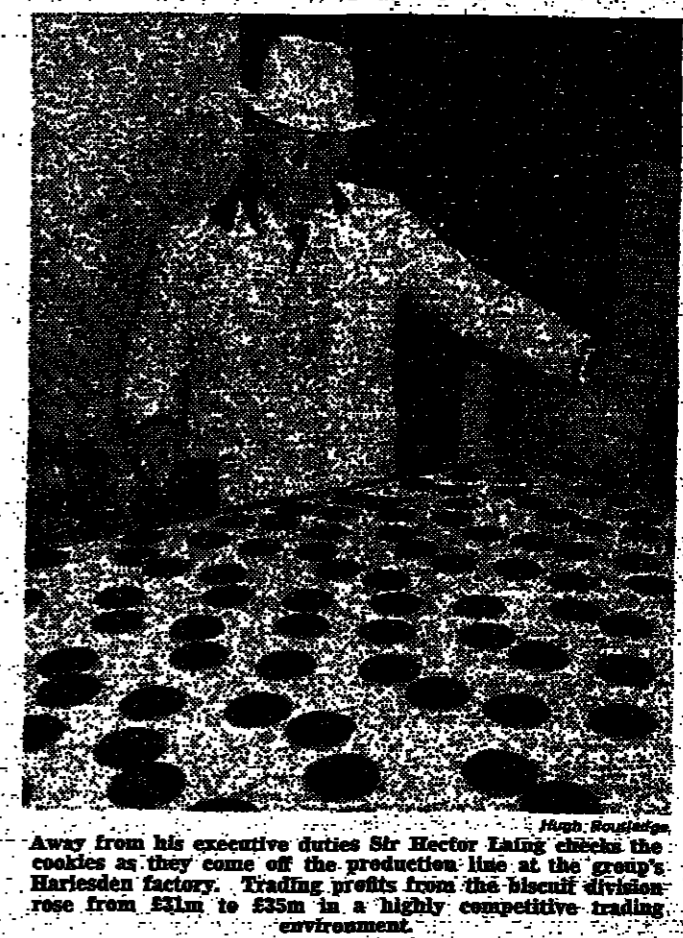
the North of England, suffered from the continuing effects of reorganisation and further rationalisation of the business combined with difficult trading conditions.

In restaurants trading conditions in 1983 were buoyant. During the year the final phase of the reorganisation was completed at a cost of £0.5m. Before reorganisation costs, trading profits increased by 30 per cent.

Wimpy's improvement in profit was in the main attributable to volume growth, particularly in those restaurants sited in good retail trading areas. The main thrust of Wimpy International is to develop counter service restaurants. Sixteen new outlets were opened during 1983 bringing the total to 53 at the year end. Company-owned restaurants increased by three to 19 and franchised restaurants by 13 to 34, emphasising Wimpy's sustained commitment to franchising. Counter service volume now exceeds one-third of total volume and showed growth of 50 per cent over 1982.

In the U.S. the Keebler Company achieved record sales and profits. Aided by the strong market acceptance of several new biscuit items, sales revenue increased 13 per cent and trading profit by 6 per cent. This profit improvement was achieved in spite of heavy investment spending in support of geographic expansion and product diversification.

See Lex



Away from his executive duties Sir Hector Lalng checks the cookies as they come off the production line at the group's Harleiden factory. Trading profits from the biscuit division rose from £1m to £35m in a highly competitive trading environment.

### Bigger share gained in a static UK biscuit market

Figures for the rest of the world show: Ortiz £13.4m (£13.9m) and £0.1m loss (£0.3m profit); Westimer £20.3m (£19.1m) and £1.3m (£0.8m) and other £2.1m (£2.5m) and £0.1m loss (nil). Of the group total turnover inter-company sales accounted for £45.4m (£35m). Unallocated costs rose from £8.5m to £7.7m.

Group capital expenditure for 1983 totalled £95m (£97.7m). The group's biscuit division results were considered satisfactory in view of the highly

directors point out that the cost of certain materials used in biscuit and confectionery production is either expressed or influenced by the U.S. dollar, so that the weakness of sterling sales volume in 1983 was not helpfully to the confectionery market. Such cost inflation would be absorbed as far as possible through increased operational efficiencies. Overall the directors are confident that the continued

### U.S. launch costs hold down Invergordon

Attempting to break into the U.S. market held down pre-tax profits for 1983 at Invergordon Distillers (Holdings) to £3.63m against £3.93m but the final dividend has been held at 2.5p for a same-again total of 4p net.

The group, whose main brand is Scots Grey de Luxe Scotch whisky, says that as forecast at the time of the interim report, the whole year results were affected by the decision to introduce and promote the brand in the U.S.

Without the effects of the initial cost of the launch, the results would have been ahead of 1982.

Turnover of the Glasgow-based company, which is ultimately owned by Hawker Siddeley Group, was £22.96m (£22.1m). Interest took £483,000 (£540,000) and tax £1,07m (£886,000). Earnings per 25p share slipped to 13.11p from 15.73p.

At the half way stage pre-tax profits were £1.54m (£1.74m)

### Brooke Bond advances to £29m

Brooke Bond Group lifted pre-tax profits from £20.9m to £29.2m in the six months to December 31 1983 and full year figures are expected to show a material increase over the previous year's £48.2m.

First-half turnover rose by £60.6m to £510.5m. Operating profits were up from £29.3m to £36.4m, of which overseas operations accounted for £19.5m (£13.3m) and European activities, £18.9m (£16m).

Interest charges dropped from £8.4m to £7.2m. After higher tax of £13.1m (£9.1m), earnings came out ahead by £3.4m at £14.3m. Earnings per 25p share on a net basis increased from 3.53p to 4.78p and the interim dividend is raised to 1.3125p (1.25p) net, costing £4.02m (£3.52m)—last year's final was 2.55p.

The average price of tea in the London auctions rose from 15p to 25p per kg during the half year and this increase was reflected fully in overseas auction centres. Despite adverse weather conditions generally the group's tea estate companies

achieved excellent crops and in consequence profits increased significantly.

In Australia, Bushells Holdings has announced the issue of additional shares, to raise £517.6m (£115m). This will change its status in Brooke Bond Group from subsidiary to associated company. If the full year to June 30 1983, it would have reduced reported group earnings of £24.2m by approximately £0.7m.

Net assets of Bushells and its subsidiaries at June 30 1983 were £30.6m, of which the Brooke Bond share was £25m. Because the issue is being made at a market price per share which is less than net tangible asset value, there will be a reduction in the book value of net assets attributable to the group.

A £2.3m provision in respect of this reduction has been made as an extraordinary item in the half year accounts.

Comment

Brooke Bond continues to ride high on the rising tea price, which has allowed it to double

the plantations' operating profits to £12m. Backed by a heavy advertising campaign, retail tea margins have improved and market share has remained intact. But the 25 per cent increase in advertising costs left UK grocery profits down slightly.

Mallinson-Denny has picked up nicely, with profits nearly doubled to £6m thanks to better timber demand from the construction industry and the fruits of earlier rationalisation. Overseas, Brooke Bond benefited from a sharp increase in tea demand in India and an easing of price controls in Pakistan. The weakest spots were Baxters, where profits slipped 30 per cent to £80,000 following the summer decline in meat consumption, and Zimbabwe, which lost around £1.2m due to drought and political unrest. The UK advertising campaign should pay off in the current half, and there is further scope for improvement from Mallinson-Denny, pointing to a full-year out-turn of around £70m pre-tax. The shares slipped 3p to 82p, where the yield is 5.1 per cent.

### House of Lerosse falls to £1.69m

Taxable profits of the House of Lerosse, garment maker, fabric printer and dyer, dropped from £1.87m to £1.68m in 1983, after striking exchange losses of £45,000, against £80,000 profits before. At halfway, pre-tax figures were down from £822,000 to £538,000.

Tax for the year dropped from £793,000 to £698,000 giving net profits of £985,000, against £1,083m. Earnings per 25p share fell by 1.5p to 17.5p, but the final dividend is raised to 5p for a higher total payment of 8p (7.9p) net.

Dividends absorb £456,000 (£433,000) leaving a retained surplus of £529,000, compared with £647,000.

In current cost terms, after-tax profits were £838,000 (£777,000) and earnings per share came out at 11.2p (13.6p).

### Tax release boost Schroders

AS A consequence of the passed reduction in corporation tax to 35 per cent announced in the Budget, Schroders has released £5.5m from provisions and this has enabled it to push up its disclosed net profit from £15.38m to £20.92m in 1983. The dividend is raised by 1.5p to 16.9p, the final being 13.5p.

The £5.5m is released from UK leasing companies' deferred tax provision. The group has consistently adopted the conservative policy of providing for deferred tax on the full liability basis; now in view of the Chancellor's statement it is considered appropriate to make the release.

Operating profit after transfer to inter reserves, out of which provision has been made for diminution in asset values, rose from £11,055m to £11,799m. Interest on loans takes £2,46m (£2,435m) and there is surplus on sale of investment securities £5,09m (£3,94m), making £14,424m.

Lord Altrix, the chairman, says in 1983 activity was at a high level throughout the group. Benefit came from the strength

of securities markets around the world and a general expansion in fee-related activities. However, the prudent provisioning policy contributed to lower earnings from the commercial banks.

Operating profits of J. Henry Schroder Waggs were higher, with increases from both investment and corporate finance activities. Profits of operations in the U.S. were up, while earnings of the Swiss company reached a record level. Far Eastern business developed strongly, with increased earnings from operations in Japan, Hong Kong and Singapore.

By the year-end, capital and disclosed reserves of the group had increased by 21 per cent, from £183m to £222m. This reflects disclosed retentions of £18m and net exchange translation adjustments of £4m.

Comment

Schroders must be feeling pretty pleased with itself in the wake of the Budget. Its results, due on Wednesday, were held back until yesterday morning for the figures to be reworked to allow for cor-

poration tax changes. Measures which have left some other banks with large tax liabilities on their leasing business have worked in favour of Schroders with its conservative provisions policy and the group was able to write back £5.5m from deferred tax into profits. Schroders last year benefited from the buzz of activity on the world's stock markets, with increases in its investment management and corporate finance earnings and a hefty profit on its own investments. Leading money was a less happy business — with bad debt provisions keeping the overall increase in operating profits down to a modest 7 per cent. For the current year, the group should continue to grow in corporate finance, particularly in the Far East, and in the UK, given the Chancellor's favours to the stock market. Forecasting is difficult with the limited disclosure rules for merchant banks, but Schroders could make disclosed profits of £18.5m, after tax and movements to hidden reserves. With the shares at 81.2p, the prospective p/e is 7.5.

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Year ended 31 December	1983	1982
Revenue	£207.0m	£182.9m
Profit before tax and extraordinary items	£ 80.1m	£ 72.9m
Earnings for the year	£ 40.1m	£ 37.7m
Earnings per share	18.5p	17.5p
Dividend per share	8.0p	7.0p

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UK COMPANY NEWS

Further recovery as TI turns in £16m

SECOND-HALF pre-tax profits of TI Group, Birmingham-based international engineering concern expanded from just £8.5m to £16.1m and published the full 1983 figure further along the recovery road to £16.3m. This is compared with £4.7m last year and £2.1m in 1981. A record £80m was achieved in 1983.

pressed until the last quarter when there was a slight improvement. The market for most types of steel tube deteriorated further during 1983. A breakdown of turnover and trading profits shows: domestic appliances £254.1m (£232.3m) and £22.7m (£19.9m); cycles and toys £1.6m (£1.6m) and £2.5m loss (£7m loss); specialised engineering £230.5m (£281m) and £18.9m profit (£14.3m); steel tube £205.5m (£201.6m) and £1.1m loss (£3m profit).

Bejam expands 29% to £7.8m

FIRST HALF taxable profits of Bejam Group, food and freezer retailer, increased by 28.8 per cent from £5.07m to £7.8m and set a new record for the full year. Turnover for the six months ended December 31, 1983 expanded 16 per cent to £153.52m, compared with £132.7m and based on current turnover trends, directors are confident that second-half profits will be in excess of the £5.94m for last year.

Profit surge for Barker and Dobson. A STRONG second half for confectionery Barker & Dobson has lifted the group's pre-tax profits to £1.2m for the 12 months to end-December 1983. The figures compare with the £0.51m earned for the 40 weeks to the end of 1982.

Appleyard turnaround to £0.6m profit

DESPITE A turnaround from last year's loss of £1.41m to a pre-tax profit of £0.6m for 1983, the board of Appleyard Group, motor vehicle distributor, is unable to consider a dividend. The last time the group paid a dividend was in November 1981.

comment After the trials and tribulations of last year when an abundance of fresh vegetables upset Bejam's frozen apple cart, it is back to impressive normality with a profit rise of 29 per cent. Striping out new stores—there were eight openings in the half year including two resties—volume growth was 10 per cent. It is hard to quibble with that sort of expansion when the increased challenge from supermarkets in frozen foods. Price inflation was less than 2 per cent. Traditionally Bejam's year breaks down roughly equally between the two halves and £15m pre-tax looks a safe forecast. Assuming a tax rate of 35 per cent the prospective earnings multiple drops to 15 at 1983. That is towards the bottom end of its trading range and perhaps the time has come for the share price to shoulder its growth stock image again.

Public Works Loan Board rates

Table with columns: Years, Effective March 14, Quoted loans repaid, Non-quota loans A\* repaid. Rows include Up to 3, Over 3 up to 4, etc.

HEYWOOD WILLIAMS GROUP PLC A new era of progress

Pre-tax profits for the year to December 1983 up 177% — well in excess of the Rights Issue forecast. Dividends for the year raised to 5.5p per share (1982 — 3p). The Group have now substantially achieved their objectives by disposing of fringe activities and concentrating on their aluminium and glass activities.

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Brooke Bond Group Interim Results: Salient Features. Logo of Brooke Bond Group.

Extract from the Interim statement of the group for the six months to 31st December 1983

Table comparing 1983 and 1982 figures for Turnover, Operating profit, Profit on ordinary activities before tax, Profit on ordinary activities after tax.

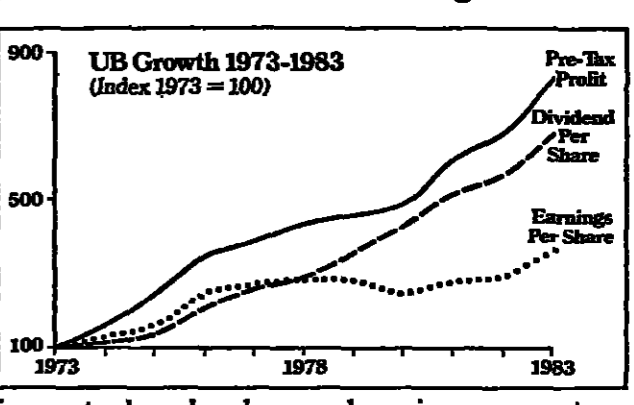
Trading The average price of tea in the London auctions rose from 125p to 252p per kg. during the half year and this increase was reflected fully in overseas auction centres.

Interim Dividend The Directors have declared an interim dividend of 1.3125 pence per share (last year, 1.25 pence per share). This dividend will be paid on 2nd July 1984 to shareholders on the register on 8th June 1984 in respect of the 311,427,982 ordinary shares in issue (the same number as last year).

Brooke Bond Group plc is the parent of a group of companies in the United Kingdom and overseas engaged in the marketing and distribution of tea, coffee, meat and other food products; the importing, processing and distribution of timber and building supplies; the operation of plantations, ranches, horticultural and other agricultural activities; specialist manufacture and services in the printing and microbiological fields and general import-export trading in South East Asia.

United Biscuits 1983: Another very successful year. Logo of United Biscuits.

Profits before tax increased by 21%, from £68.4 m to £83.2m. Earnings per share increased by 24%. Recommended dividend increase of 21%. Investment reached record level at £95m.



The UK Biscuit Market During 1983 we increased our share of the market by 1.3%—to the highest level ever—with maintained margins. This is a remarkable demonstration of the substantial progress and continuing pre-eminence of our biscuit operations.

The USA Biscuit Market Keebler had yet another excellent year, with the successful launch of a number of high quality new products and encouraging progress on the West Coast.

The Fast Food and Restaurant Markets Meals eaten outside the home are also increasing steadily and in 1983 the fast-food market increased by 15%.

The Frozen Foods Market This is one of the most dynamic sectors of the UK food industry: the retail sector has grown by nearly 30% in volume in the last three years, and the cater-

Form for requesting the full Annual Report and Accounts, including fields for Name and Address.



July 1983

UK COMPANY NEWS

MINING NEWS

'Real growth' for Sedgwick—dividend up 1p

DESPITE THE recent pattern of worldwide recession and difficult trading conditions, the Sedgwick Group of international insurance and reinsurance brokers has experienced "real growth" in its business for 1983.

with a consequent effect on reinsurance markets. Towards the end of 1983, there were signs that the increased cost of reinsurance which a number of insurers were having to face was beginning to lead to increased premium rates on their own direct industrial and commercial business.

(£2,312); North and South America £13,568 (£12,442); Middle East £3,919 (£4,649); Pacific £3,791 (£3,122). By business, insurance and reinsurance contributed £26,540 (£23,943); Lloyd's and company underwriting agencies £5,422 (£4,571); insurance companies £5,946 (£4,785).

Geographically, the profit before tax was split as to (in £000s): Europe, including UK £56,561 (£48,490); Africa £2,979 (£2,312); North and South America £13,568 (£12,442); Middle East £3,919 (£4,649); Pacific £3,791 (£3,122).

Comment: Full year results from Sedgwick Group, Britain's largest insurance broker, do not bode well for the rest of the sector. Profits fell £20.1m over around £2m below the lowest estimate made by analysts.

TDG profits improve to £21m

PROFITS, before tax, of Transport Development Group, road haulage, storage, plant hire and transport concern, moved ahead from £18.3m to £20.9m in 1983, after a second half increase from £10m to £11.7m.

The group's Dutch and French transport companies increased their profit contributions and the directors say there was a substantial uplift in the results of the U.S. transport business.

Comment: Transport Development's recovery is steady but astonishingly slow, with progress in Western Europe being knocked by the North American and Australian businesses. The picture is perhaps clearer on a functional level with the main gains coming from the cold storage activities.

Comment: Demand for the group's paper mills products in the early months of 1984 has started to pick up, but to date the results are still poor, the directors report.

Comment: After the spills of recent years it would have been a brave man who predicted a second half from Grattan anything like it actually experienced.

Mucklow cuts back housing

A SLIGHT reduction, from £2.41m to £2.3m in pre-tax profit for the half year ended December 31 1983 is reported by the A. J. Mucklow Group, which has engaged in property investment and development.

more than cover reorganisation costs. In recent months there has been an improvement in conditions affecting the industrial property investment activities, and the level of inquiries is beginning to look more encouraging.

After tax £597,000 (£468,000) the net profit was £1.7m (£1.94m). The interim dividend is held at 2d per share; the final for the year 1983-84 was 4.5p.

During the half year the very depressed conditions affecting the industrial property market continued to have an adverse effect on the group's while some lettings were achieved, further vacancies also occurred.

COMPANY NEWS IN BRIEF

NOTICE TO HOLDERS OF FUJITSU LIMITED (Fujiita Kabushiki Kaisha) (the "Company") U.S. \$80,000,000 5% PER CENT CONVERTIBLE BONDS 1986 (the "Bonds")

In the first results since coming to the market by an offer for sale in September 1983, Coin Industries reports taxable profits for the six months to December 31 of £230,000 (£274,500) on turnover of £4,572m (£5,21m).

1.6p lifts the net total from 2.85p to 4.5p. Turnover for the year totalled £28.57m (£20.72m). Tax took £200,000 (£280,000) and extraordinary credits amounted to £598,000 (£3,58m).

The Lombard 14 Days Notice Deposit Rates 83% 84%

Although trading profits showed a steady improvement interest charges this time of £54,000, compared with previous credits of £27,000, have left pre-tax profits of £1.2m.

Pre-tax profits of James Fisher and Sons, shipowner and ship and insurance broker, fell from £2.75m to £2.1m for 1983 having been £774,641 lower at midyear at £1.6m.

Pre-tax profits of James Fisher and Sons, shipowner and ship and insurance broker, fell from £2.75m to £2.1m for 1983 having been £774,641 lower at midyear at £1.6m.

Grattan back in the black at £3.5m

A TURNROUND of £6.8m to profits of £3.7m in the second half at Grattan, catalogue mail order concern, has pushed profits back along the recovery path for the year ended January 31 1984.

Talking points from Toronto

BY KENNETH MARSTON, MINING EDITOR

THERE'S nothing like a mining conference, as opposed to a meeting of shareholders, to allow free rein to mining company spokesmen. In Toronto they have been taking full advantage of this "out-of-school" opportunity at the Prospectors and Developers Conference.

East Lancs. Paper hit by £0.2m redundancy costs

AFTER CHARGING redundancy costs this time of £216,000, pre-tax profits of the East Lancashire Paper Group fell from £332,000 to £116,000 in 1983, on higher turnover of £48.15m, against £44.92m.

Comment: Demand for the group's paper mills products in the early months of 1984 has started to pick up, but to date the results are still poor, the directors report.

Robertson Research

S. G. Warburg has chosen the fixed price offer for sale as the best method to bring geological and natural resources consultant Robertson Research to a full listing on the Stock Exchange next week.

The group's petroleum related services provide the bulk of turnover and profits though it has moved successfully into other areas, particularly gas exploration, and has established a profitable wireline logging business.

Creeda Raleigh Silencers Cox Sturmev-Archer New World Reynolds Parkray Tube Products Glow-worm Chesterfield Russell Hobbs Matrix Crane Pack Crypton Abar Desford Herbert-Churchill King Fifth Wheel Accles & Pollock Tower Housewares

Profit recovery accelerating Sir Brian Kellett, Chairman of TI, at a press conference yesterday made a number of key points on the 1983 results and prospects for the future.

- Profit before tax up from £4.7m to £16.3m in 1983
Dividend for the year raised from 7 1/2p to 10p per share
Group borrowings reduced by £5m
Major moves made around the end of the year will deal with loss making parts of cycles and steel tube
Greatly improved results expected in 1984

Table with 4 columns: KEY FIGURES, RESULTS BY BUSINESS AREA, 1983, 1982. Rows include Sales, Trading Profit, Profit before tax, Earnings per share, Dividends, Domestic appliances, Cycles, Specialised engineering, Steel tube.

TI Group The Annual Report and Accounts will be posted to Shareholders on April 10, 1984. Further copies will be available from The Secretary, TI Group plc, TI House, Five Ways, Birmingham B16 8SQ.



John H. ...

TECHNOLOGY

CADBURY'S £120m INVESTMENT IN NEW PRODUCTION TECHNIQUES

Robots in the chocolate factory

BY PETER MARSH

THE BUBBLES in Cadbury's latest chocolate bars are uniform in diameter to within a tenth of a millimetre...

Mr. Loosemore is the engineering co-ordinator of a £120m investment project at Cadbury in new production techniques. Most of the work is at the company's chief manufacturing site at Bourneville...

As a result of a modernisation programme that started four years ago, Cadbury's engineers are, with a greatly reduced workforce, making chocolate to a higher standard. Thus the tiny air bubbles in Cadbury's latest Wispa bars are all within 0.2mm and 0.3mm in diameter...

Turning out sweets is similar to steelmaking—only more difficult

Mr. Loosemore says that turning out chocolate bars and sweets is similar in principle to steelmaking—only more difficult. Before the automation programme, chocolate manufacture was a series of discrete operations individually supervised by workers at separate control points...

Just 20 people will be needed to run a complete manufacturing unit that both makes and wraps some 1,500 chocolate bars a minute. This is compared with three to four times the workforce to run a process using conventional manufacturing technology.



In 1890, left, chocolate manufacture was highly labour intensive; today, automatic machines replace human dexterity in placing finished chocolates in boxes.



In 1890, left, chocolate manufacture was highly labour intensive; today, automatic machines replace human dexterity in placing finished chocolates in boxes.

programme will make chocolate manufacture more efficient, says the company. Bourneville employs some 4,700 people, compared with roughly 6,000 four years ago. Men and women on the factory floor number 3,000, about half the figure in 1977.

cream is misshaped. They will accordingly adapt their routine in a way impossible for unintelligent hardware. But now that factory managers are confident that virtually all the sweets are uniformly shaped, two-thirds of the packing at Bourneville is done by automatic grasping mechanisms.

This reads a bar code on the side of the vat that sets out the exact nature of its contents. Each Wispa bar is made as a result of three basic operations. The raw material is first emptied into a series of bar-shaped moulds.

stage, chocolate is cooled too quickly or too slowly, fat globules in the mixture will crystallise out at the wrong time. This could make the chocolate too "crispy". Ideally, says Mr. Loosemore, the finished bar or sweet could have a dull lustre unappealing to consumers.

The reduced workforce turns out roughly the same volume of products. Each week the Bourneville site churns out 1,500 tonnes of chocolate. This breaks down to 1.6m bars of various kinds plus 50m hazelnut whisps, almond clusters and other individual sweets.

When the automation programme is finished, the Wispa unit will be one of a dozen individual manufacturing plants at Bourneville that operate according to the new principles. These will replace 37 old plants. Each unit makes a specific kind of bar or a family of sweets. They receive raw chocolate—a viscous mixture based on cocoa beans, sugar and milk—from a separate facility at Bourneville that the automation project has not affected.

In the second operation, another batch of chocolate is squirted by nozzles into the trays. This chocolate has initially been subjected to a special technique—details of which Cadbury keeps secret—in which air is spurted into the chocolate to give thousands of microscopic bubbles. In the last stage of production, another layer of chocolate seals each newly-filled tray to produce a finished bar that is sent by conveyor for automatic wrapping. By this time the chocolate has cooled to room temperature at about 15 deg C.

Central computers deal with 250,000 instructions at any one time

In the Wispa plant, individual microprocessors monitor factors such as temperature at about 1,000 different points. They feed information to central computers that deal with 250,000 instructions at any one time.

As another result of closer control, automated hardware can play a big part in the packing of chocolates into boxes. Traditionally, lines of people stand by conveyors and pick off individual sweets to put them into containers. Humans are adept at spotting when, for instance, a coffee

During the process, control of temperature and the metering of quantities of chocolate are crucial factors. If, at a vital

Mr. Loosemore says that his team of engineers had to find out in great detail what happens to chocolate during every stage of the production operation. "We learned more than we ever knew before. We are far better at diagnosing what is happening to the chocolate at every point in the process. The operators in charge of the new control rooms are mostly people previously employed in the old plants whom Cadbury has retrained. They are mainly workers who were young and flexible enough to change their approach to chocolate making."

OFFICE AUTOMATION

Philips unveils IBM PC look-alike

PHILIPS, within the framework of some announcements about its "Sophomation" office automation approach, has revealed it has finished the development of a personal computer which looks and behaves almost exactly like the IBM PC. Apart from the fact that it will be launched in June and will have "a better word processing package than the IBM machine," there are few details.

systems Philips office automation and embraces the Sophomation wide and local area networking philosophy launched by the company last September. The main feature of this is that communication between dissimilar equipments—internally and external public telecommunications lines—is possible by having all the necessary protocol conversion at network interconnecting points (nodes). There is no central computer; the packet system's communication intelligence is distributed in software in the various nodes.

But the company says the machine—the P8100—will be price competitive and will be sold, standalone, to anyone who wants to buy it. The design was subcontracted, although Philips intends to manufacture, starting "soon". Another component of the system will be Megadoc, the company's optical mass storage disc system. Likely applications will be for archiving storage of documents. Philips has 10 pilot sites in action and says it has now sold four "live" systems to unnamed customers in Germany, Switzerland and Holland. In addition, it has revealed a joint venture agreement with Control Data Corporation (CDC), for the manufacture of Megadoc, with the objective of mass production by the end of this year.

Philips is now enhancing its "line of business" software—its strong area is financial terminals—to embrace other office automation functions such as word processors and electronic mail. An application software generator will be available which will allow users to customise their line of business systems to give those office automation functions that are needed.

Philips points out, however, that Sophomation is an overall office automation software philosophy rather than an introduction of, or focus on, hardware. It stresses that P8100 and Megadoc are just two of a number of equipments that will be introduced to bring its Sophomation idea to fruition. The company will also launch new versions of its terminal and word processing systems later this year. "Multi-windowing" techniques will be available for workstations by the summer.

Philips is also looking at document handling and interchange and has developed COACS (common office automation communications structure). This deals with the IBM document exchange protocols, DCA (document content architecture) and DIA (document interchange architecture) which are now being described in some quarters as "de facto" standards.

"Sophomation" is a contraction of "synergetic operation".

Philips, which has 300,000 workstations in the field, says it has made sure that the new software is flexible in terms of both user entry point and growth. Users can start implementing office automation at different levels knowing that integration into a sophisticated, application-oriented system will be the eventual result. GEOFFREY CHARLISH

INFORMATION PROCESSING

Resistant optic fibres

SUMITOMO Electric Industries has developed optical fibres strongly resistant to large amounts of radiation, which could be used for information processing systems at atomic power plants.

ventional fibre optics which become almost useless for transmitting information when exposed to gamma rays of 10,000 Roentgen.

Japan's largest maker of electric wires and cables said the new product has a mixture of fluorine at its core instead of the germanium used for conventional fibre optics which become almost useless for transmitting information when exposed to gamma rays of 10,000 Roentgen.

The new fibres can transmit one-tenth of the normal information flow under the same severe conditions, but will be priced 30 to 30 per cent higher than the ordinary products.

IMI logo and text: for building products, heat exchange, drinks dispensing, fluid power, special-purpose valves, general engineering, refined and wrought metals. IMI plc, Birmingham, England

Data Automatic filing

AUTOMATIC FILING and retrieval of documents, cards and microfiche is the purpose of a new machine from Reliance Systems, the marketing company of GEC Information Systems.

Tea filing trays each holding 2,000 cards or 1,000 document or microfiche wallets have microprocessor controlled file selectors operated from a keyboard.

Cards or wallets, mixed if necessary, are coded with selection data and filed in any spare slot in a tray. When a selection is keyed, the tray's mechanism pulls forward the selected file.

Conference Man and machine

A THREE day conference, "Human Factors in Engineering" is being organised by IFS Conferences at the Park Lane Hotel between April 3 and 5, 1984.

Called HUMAN 1, the meeting will examine such subjects as the relation between man and machine, the quality of working life, social and industrial relations, the effects on employment of new technology, and the process of introducing change.

Conference fee is £25 excluding VAT and further information can be obtained from the conference organiser, IFS (Conferences), 35 High Street, Kempston, Bedford MK42 7BSP (0234 853695).

Friday March 16 1984 Suter lifts dividend £2m profit mark price

ENDING RATES

THE STANDARD LIFE ASSURANCE COMPANY

THE M4 CORRIDOR STARTS AT LLANELLI Development and Steel Closure Area Selective Financial Assistance Prestige 70ha Dafen Industrial Park, Llanelli ECSC Low Interest Loans BSC INDUSTRY Top Up Funding Advance Units 200 sqft to 20,000 sqft and Plots on a range of sites Welcome to Llanelli video available in English, German and Japanese

State Bank of India State Bank of India announces that its base rate is reduced from 9% to 8 1/2% per annum with effect from March 16th 1984 The rate of interest payable on ordinary deposits is reduced from 5 1/2% to 5% per annum Main Office in the U.K. State Bank House, 1 Milk Street, London EC2

COMPANY NOTICES

RAND MINES (MINING & SERVICES) LIMITED Incorporated in the Republic of South Africa A Member of the Barlow Rand Group NOTICE IS HEREBY GIVEN that the annual general meeting of the under-mentioned company will be held on the dates and at the times shown:

NOTICE TO BONDHOLDERS US\$50,000,000 8 1/2 per cent Bonds due 15th March, 1989 Pursuant to the terms and conditions of Bonds, notice is hereby given that during the twelve-month period beginning on 15th March, 1984, the Company has purchased US\$2,500,000 principal amount of the subject Bonds in satisfaction of the Purchase Fund requirements.

NOTICE TO HOLDERS OF SANKEYO SEIKI 3 1/2% CONVERTIBLE BONDS DUE 1991 SANKEYO SEIKI MFG. CO., LTD. 3 1/2% CONVERTIBLE BONDS DUE 1991

STANDARD BANK IMPORT & EXPORT FINANCE COMPANY LIMITED US\$50,000,000 GUARANTEED FLOATING RATE NOTES DUE 1988

CITY OF MONTREAL 3% PERMANENT DEBTURENTURE STOCK

THE ROYAL BANK OF SCOTLAND plc Registrar's Department, 16 Old Broad Street, London EC4A 3DF

CITY OF BERGEN 1972/1991 7 1/2% Loan Note On March 2, 1984, Bonds for the amount of 1,000,000 Norwegian Kroner were issued.

CANADIAN PACIFIC ENTERPRISES LIMITED COMMON SHARE DIVIDEND NOTICE The Board of Directors of Canadian Pacific Enterprises Limited, at a meeting held at Calgary, Alberta, on the 22nd day of March, 1984, has resolved that a quarterly dividend of twenty cents per share be paid on the outstanding Common Shares of the Corporation.

THE "SHELL" TRANSPORT AND TRADING COMPANY, P.L.C. NOTICE IS HEREBY GIVEN that a balance of the Reserve will be struck on the 15th day of March, 1984, and the preparation of warrants for a final dividend of 10 pence per share on the 23rd day of March, 1984, if approved at the 23rd Ordinary Shareholders' Meeting held on 17th May, 1984, the dividend will be payable on 17th May, 1984.

CLUBS EVE has notified the others because of a policy of fair play and value for money. Superior from 10.30 am. Disco and the bar. Reservations: 189, Rupert St. 01-734 0587.

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Bank of Ireland announces that with effect from close of business on the 16th March, 1984 its Base Rate for Lending is reduced from 9% to 8 1/2% per annum

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THE PROPERTY MARKET BY MICHAEL CASSELL IN HOUSTON

'Miracle City' still suffering in style

HAROLD FARB enjoys singing, so he has opened The Carlyle, a late-night dining spot on Houston's Westheimer Road...

Mr Farb, one of the city's most successful residential builders, also wants to prove his prowess as a commercial property developer...

For San Felipe Plaza, Mr Farb's 1m sq ft granite and glass masterpiece, is now nearing completion...

Mel Powers, another real estate celebrity in this part of Texas, has just succumbed to an over-ambitious development programme...

Mr Powers provided a personal explanation of his corporate demise in a full page advertisement in the Houston Chronicle...

Some are shoddy and simply will not last. Kavanagh adds: "A lot of the buildings will never be occupied or leased beyond about 20 per cent of capacity..."

the property market's ups and downs. Even the biggest names have hit problems in Houston...

"Miracle City" where offices are built in the shape of a dollar sign or made to resemble the stepped temples of Babylon.

Prudential Insurance of America is only a few weeks away from the official opening of its latest downtown office project, the Cullen Center...

Problem

The only problem is that the bank has just decided against moving into the 55-storey building. Its intended lease...

Few people looking on could put their hands on their holsters and claim that Houston does not, to some extent, deserve its current crisis.

The city likes everything big, including its mistakes. The frenetic and sometimes foolish rush into real estate development...

Instead, it responded solely to

the floodtide of finance which swamped America's oil and petro-chemical capital.

But when the U.S. economy caught a cold, Houston took to its sick-bed. The end result, in a city where the availability of sewerage facilities forms the only real development constraint...

Estimates vary widely but most suggest that Houston has enough vacant office space to meet its normal requirements for at least the next five years.

in a market where the tenant holds all the cards, rent-free periods of over two years can be won on five-year leases...

Dennis Kavanagh, the top man for Jones Lang Wootton in Houston, says that the building boom created 40m sq ft of office space in five years...

"At the height of the boom, in the late 1970s, major leases were being signed daily. Developers were ignoring logical locations and building anywhere...

Kavanagh adds: "A lot of the buildings will never be occupied or leased beyond about 20 per cent of capacity. Some are shoddy and simply will not last."

He cites the example of one developer who built 40,000 sq ft of office space in a suburban area and let it at once.

In response, a further 400,000 sq ft phase was built at the back of the same site and still awaits tenants.

"There was no recognition of the true level of demand," Kavanagh says. But most people agree that the worst, at least, is over, that concessions are being reduced

much more exciting up its sleeve. The plan is to develop, in a joint venture with Bechtel, a 1.2m sq ft speculative office scheme in the so-called "Magic Circle"...

David Gruber, president of MEPC American Properties, says the development is lined up to start but that the partners are quite happy to wait until market conditions are right.

Gruber says patience, unlike office space, has been in short supply among local developers. "People built like there was no tomorrow, not to meet any identified demand but simply to use up petrodollars."

He reckons that a lot of developers have been badly burned by the subsequent crisis but that the victims have been delicately handled. "Many development projects involving institutional partners, which have simply taken over the developers' equity interests and settled down to wait until things come right."

positive about Houston's prospects: "You must remember that as much as 9m sq ft office space will be absorbed here this year, hardly the sign of a dying market, even if we did let 15m sq ft in 1981."

"The problem is that with so much space vacant, it will be some time before a balance can be restored. The downtown vacancy rate will peak out at around 18 per cent at the end

of this year and is still up to 30 per cent in the suburban markets. Birnie has his work cut out appearing confident while spelling out such startling figures, but he places great store in Houston's resilience and in its ability to bounce back.

When it does, MEPC is one developer who will be ready. One of the UK's largest property groups, MEPC has two office investments in Houston—one fully let but the other with a 30 per cent vacancy rate—but it holds something

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The building binge in Houston, the "golden buckle of the Sun Belt," has left behind it some of the most imaginative and good-looking commercial architecture to be found anywhere in the world.

and developers are just starting to hold their ground. Top downtown rents seem quite firm, though they are still a few dollars short of the \$30 a sq ft peak.

Michael Birnie, senior partner at Coldwell Banker, agrees with Kavanagh's assertion that some accommodation created in the building boom will be empty a long time. "Bad buildings have gone up in bad locations and could be empty 10 years from now. Once they would have gone overnight."

But Birnie also remains

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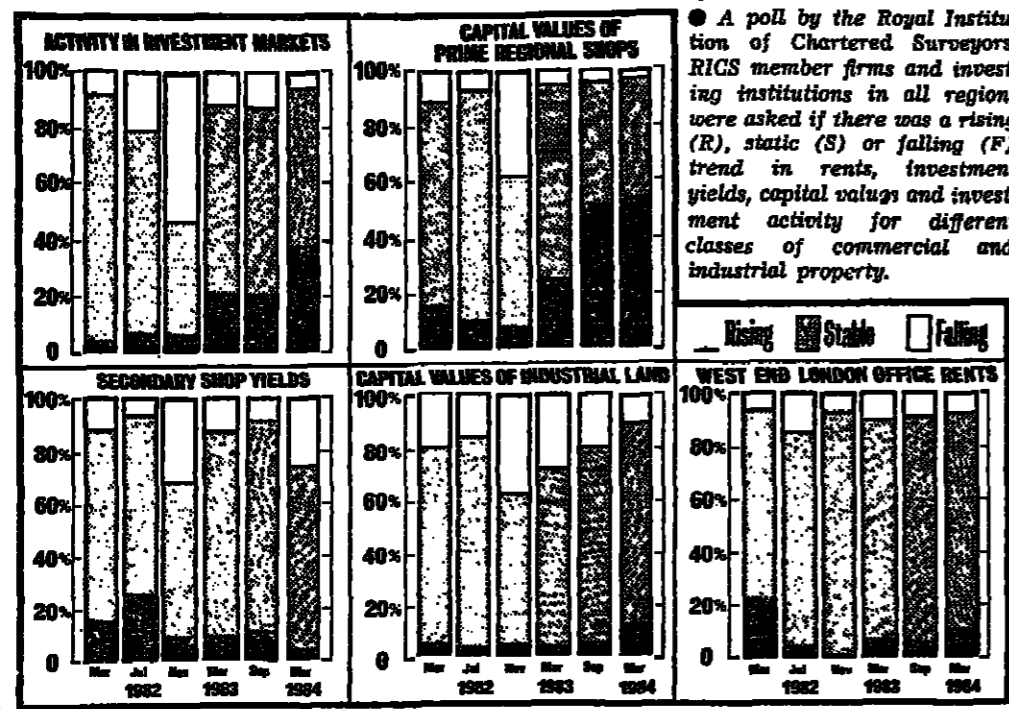
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Handwritten signature or note at the bottom of the page.



Investment perks up as institutions return to market



A poll by the Royal Institution of Chartered Surveyors, RICS member firms and investing institutions in all regions were asked if there was a rising (R), static (S) or falling (F) trend in rents, investment yields, capital values and investment activity for different classes of commercial and industrial property.

AREAS

QUESTION 1

Compared with three months ago: What is the trend in rents?

Table with columns for Areas (Offices, Prime Regional Shops, Secondary Shops, Modern Factories, Modern Warehouses) and regions (LON. CITY, WEST END, REST. GLC, SE (EX-LON.), N, N, EAST ANGLIA, YORKS HUMBER, EAST MIDS., WEST MIDS., SW, SCOT., WALES, N. IRE., NATIONAL). Rows show R, S, F trends and percentages.

QUESTION 2

What is the trend of investment yields?

Table with columns for Areas and regions. Rows show R, S, F trends and percentages for investment yields.

QUESTION 3

What is the trend of capital values?

Table with columns for Areas and regions. Rows show R, S, F trends and percentages for capital values.

QUESTION 4

Activity in Investment Markets

Table with columns for Areas and regions. Rows show R, S, F trends and percentages for investment activity.

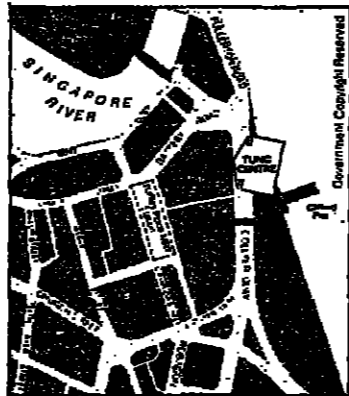
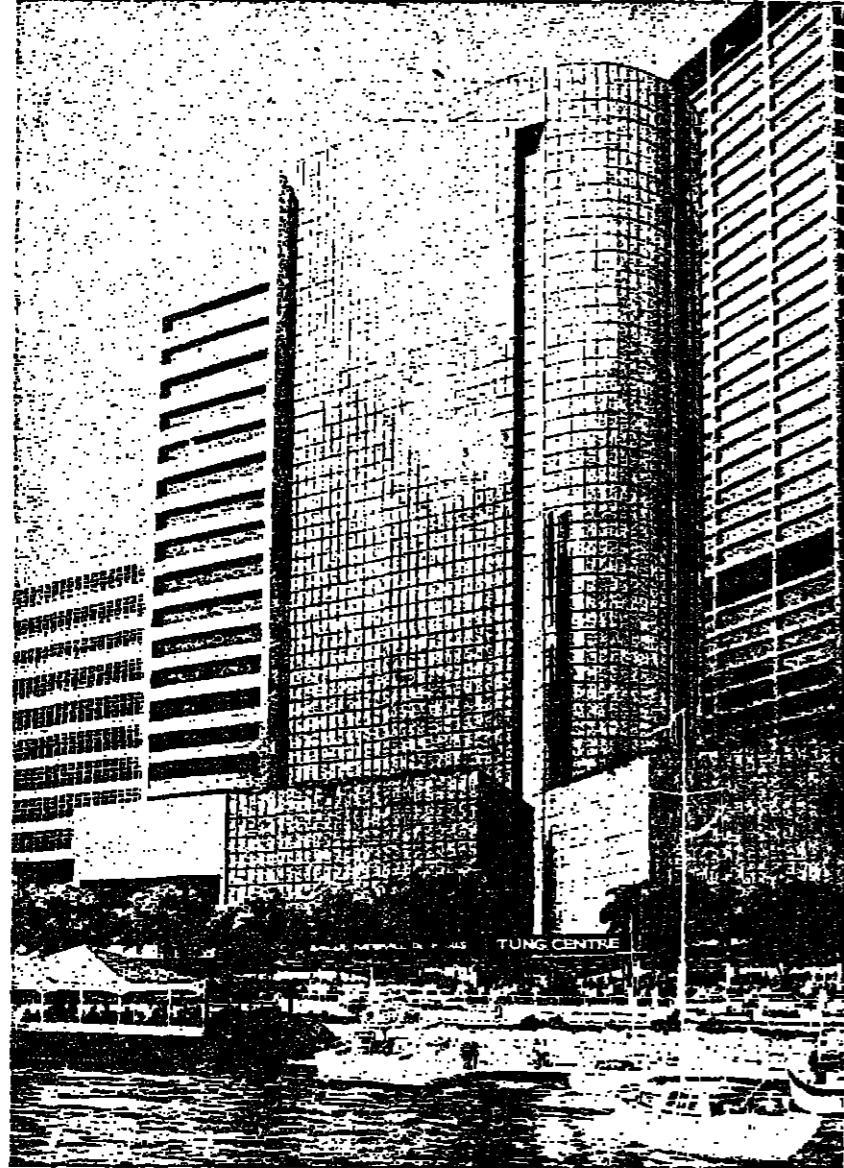
Clear signs of a revival

CLEAR SIGNS of a revival in investment interest in the UK property sector are contained within the results of the 24th Business Indicator poll conducted jointly by the Royal Institution of Chartered Surveyors and the Financial Times.

surveyors believed investment activity was on the upturn and earlier surveys showed the number in single percentage figures. The institutional investment market has continued to show signs of improvement in the early stages of 1983 although most investors remain highly selective.

In most areas confirm rising values. Secondary shops are also recording some rental increases whereas the industrial and warehousing sectors are mainly subdued. Investment yields also show few significant changes, with the office sector proving generally static.

MICHAEL CASSELL



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• Inter-floor staircases may easily be installed for multi-floor tenants.
• Private executive and staff washrooms finished in marble with stainless steel accessories, and a fully fitted pantry on every floor.

TUNG CENTRE

EXPECTED DATE OF COMPLETION, END 1984.

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CALIFORNIA Approx. 1300 Acres Close and Awarded Ranch For Sale. Annual income 11% net, surrounded by current housing development.

ASTA APARTMENT HOTEL. 11st-13th miles from Bridgetown, this fully-furnished and beautifully equipped apartment hotel enjoys a prime location on a beautiful beach.

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ماليزيا

Australia boosts cash assistance to wool growers, Page 36

NEW YORK STOCK EXCHANGE 28-30 AMERICAN STOCK EXCHANGE 29-30 U.S. OVER-THE-COUNTER 30, 38 WORLD STOCK MARKETS 30 LONDON STOCK EXCHANGE 31-33 UNIT TRUSTS 34-35 COMMODITIES 36 CURRENCIES 37 INTERNATIONAL CAPITAL MARKETS 38

SECTION III - INTERNATIONAL MARKETS FINANCIAL TIMES

Friday March 16 1984

WALL STREET

Some bright spots amid deficit cloud

ANXIETIES over bank prime rates and the prospects for agreement in Washington on curbing the U.S. federal deficit continued to cloud the view from Wall Street yesterday, writes Terry Byland in New York. A further rise in the federal funds rate brought some pressures at the short end of the credit market but the stock market again resisted the dull trend of the fixed-interest sector to hold firm. The bond market rose sharply at the end of the session following the announcement of a significantly larger drop in the money supply totals, than the market had been expecting. The long end of the bond markets jumped by nearly half a point. The news came after the close of trading in the equity sector. The stock market moved ahead during the afternoon but flipped back from its best levels when some profits were taken ahead of the money supply announcement. The Dow Jones Industrial average closed a net 1.38 points higher at 1167.40 after touching 1172 earlier. Awareness of the concerns of the credit markets was expressed by Mr Donald Regan, the Treasury Secretary,

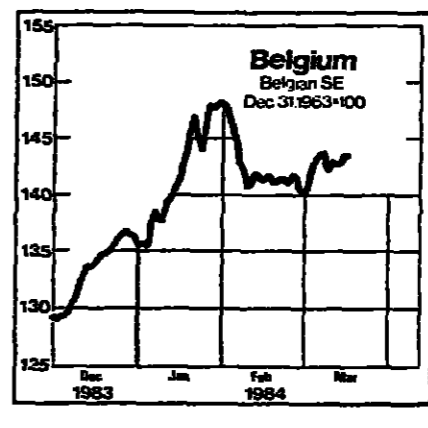
who said he was optimistic on the prospects of curbing the deficit and by Mr Preston Martin, vice-chairman of the Federal Reserve Board, who doubted suggestions that the debt markets have been hurt by the recent spate of huge takeovers in the oil industry. There was no let-up in the pressures on the key federal funds rate which moved up to 10 1/4 per cent, at which level the Fed again came to the market's aid - this time with customer repurchase arrangements of \$2bn. Some of the pressures on federal funds were linked with bank settlement operations, which have been additionally complicated by the recent switch to contemporaneous reserve accounting. But the Fed has given help to the market on almost every trading day this month - without, however, succeeding in holding down the federal funds rate. The stock market steadied after showing minor falls in the first hour of trading and leading stocks began to edge forward, heartened by this fresh indication that a new trading base is emerging. The major institutions showed some interest although trading remained sluggish. Technology and computer issues again found buyers. IBM edged forward by another 3/4 to \$111 1/4, while Burroughs at \$43 3/4 put on 1 1/4, and Texas Instruments at \$132 1/4 lost 1 1/4. But National Semiconductor slipped back 3/4 to \$14 3/4 as the market assessed its trading results. The latest sales figures from the car industry brought a gain of 3/4 to \$68 1/4 in General Motors. Other firm features among the leaders included General Electric, 3/4 up at \$52 1/4; Eastman Kodak,

3 1/4 better at \$69; and Merck, the leading pharmaceutical group, 5/4 higher at \$63 1/4. The airline sector remained firm, with Northwest Air again in favour at \$38 1/4. But in a mixed chemical sector, Union Carbide lost 1 1/4 to \$54 1/4. Among retailers, Woolworth rose 3/4 to \$33 after results. Toys 'R' Us, the major toy retailer, was little changed following the announcement of record results and further plans for international expansion. Oil stocks saw a flurry of activity, with Gulf Oil still at the head of the active stocks list, rising 5/4 to \$68 1/4. Superior Oil, down 3/4 at \$37 1/4 and Apache Petroleum, unchanged at \$19, were also busy stocks. Trading in the credit markets was subdued, with retail investors inclined to stay out on the sidelines while present uncertainties continue. In the Treasury bill sector, rates settled back after an early rise, with the three-month bill discounted at 9.51 per cent and the six-month bill at 9.62 per cent, both a share higher than overnight. The bond market showed mixed changes, with medium-term issues slightly firmer. The key long bond at 97 1/4 with a gain of 1/4 up and yielding 12.32 per cent.

TOKYO Chemicals are buying catalyst

PERSISTENTLY strong buying interest spurred the Nikkei-Dow market average to an all-time high in Tokyo yesterday for its fifth successive gain, writes Shigeo Nishitaki of Jiji Press. Electronics-related issues in the chemical sector were in brisk demand. Some paper-pulp issues were sought on higher market prices for their products, and some machine shares were bought on increased orders placed with makers. Financial stocks led by city banks paused for breath, following a spate of heavy buying earlier this week. The Dow index advanced 22.99 to 10,346.99, with 529.73m shares changing hands against Wednesday's 550.99m. Among chemical issues, Denki Kagaku Kogyo climbed Y30 to Y510, benefiting from higher market prices for vinyl chloride and good operating results in its sector producing materials for semiconductors. It was volume leader on 20.27m shares. Ishihara Sangyo, another supplier of raw materials for manufacturers of semiconductors, gained Y33 to Y630. Toagosei Chemical put on Y28 to Y407. Improved business results in the electronics sector took Sumitomo Bakelite up Y50 to Y885, while entry into the field of photomasks for semiconductors pushed Hoya Corporation ahead Y100 to Y2,100. Of the paper-pulp stocks, drawing strength from a better corporate performance stemming from higher product prices, Chitsu Pulp climbed Y32 to Y527 and Hokuetsu Paper Mills Y15 to Y345. Among machine issues, Tsugami rose Y41 to Y729 and Washino Machine Y30 to Y645. Financial stocks stepped back after their recent strong advances. Sumitomo Bank shed Y50 to Y1,050 on profit-taking. Fuji Bank slipped Y20 to Y950 and Industrial Bank of Japan Y35 to Y705. The bond market moved forward on expectations of cuts in long-term interest rates next month. Despite a fear of

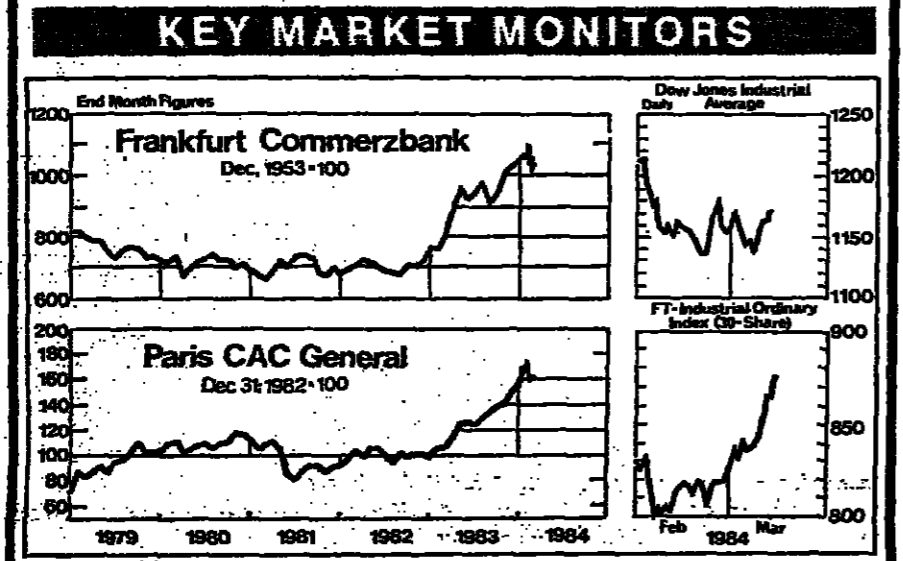
higher U.S. prime rates, many institutional investors stepped up bond purchases, with some securities houses seeking to expand inventories. The secondary market price of the 7.3 per cent long-term government bond jumped to 100.20 from Wednesday's 99.90. The yield on the benchmark 7.5 per cent bond due January 1993 fell to 7.19 per cent from the previous day's 7.28 per cent.



EUROPE Brussels set for benefits of austerity

THE AUSTERITY package agreed by the ruling Belgian coalition found a favourable first response with Brussels stock investors yesterday. No great surge either in share values or trading volume developed, but this could be accounted for - at least in part - by the limited time operators had to digest and evaluate fully the various facets embodied in the plan. The speech outlining the measures by Mr Wilfried Martens, the Prime Minister, spanned much of the bourse session, and initial reactions allowed only a 0.22 gain in the stock exchange index to 143.39. Particularly welcomed were an increase in "local content" requirements affecting the portfolios of some investment funds, the restraints imposed on

wages, and tax concessions aimed at stimulating industrial competitiveness. Other factors making for restraint on the bourse, though, were the continuing lack of clarity from the U.S., on the course of interest rates and the absence of immediate confirmation that pressure on the Belgian franc had abated significantly as a result of the accord. The call money rate jumped too, from 7.75 to 12 per cent. Amid all this, muted firmness was the general result. Of the chemicals, UCB added BFr 55 to BFr 4,775 and Solvay BFr 20 to BFr 3,755 while even the retailers - unlikely to be in favour in times of austerity - had Delhaize BFr 50 ahead at BFr 5,000. Royal Dutch was the Amsterdam feature, jumping Fl 5.50 to finish at Fl 150 on its annual results, which in per share terms were up from Fl 21.20 to Fl 27.39 to provide an earnings multiple of just under 5x. It was up Fl 2.90 even before the figures, but went on to trade as high as Fl 153, before settling back. Bonds were neglected, weakening slightly. The Frankfurt focus was Hoechst, which put on DM 2.30 to DM 177.20 after its better results and dividend. Other chemicals were buoyed as a result, but the engineering sector was untroubled by a trading setback for Linde. It fell DM 4 to DM 372 but others such as GHF added DM 5.50 to DM 151.50. Domestic bonds tended easier and the Bundesbank could sell only DM 28.1m in paper. A quiet but steady outcome emerged in Paris, with CIT-Alcatel in electricals recovering FFr 57 of the previous session's FFr 88 slide to stand at FFr 1,235. Foods and retailers were sought but builders and metals on the weaker side. Thin Zurich volume found notable activity only for Nestle, SwFr 25 ahead at SwFr 4,825, and Ciba-Geigy, just SwFr 5 firmer at SwFr 2,205. Jacobs Scharh's dividend boost allowed it a second day's SwFr 50 gain at SwFr 6,550. Domestic bonds edged upward. A resumption of Stockholm buying tapered off in the afternoon, leaving Swedish Match SKr 5 higher at SKr 273 on its profits surge. Ericsson added the same amount at SKr 330. The Milan month-end brought technical declines and only a 1.5 rise for Olivetti at L4,400 after its 73.2 per cent earnings gain. Bonds, too, were little changed. Madrid was led upwards by construction issues.



LONDON Oils provide fuel for further rise

A WARM welcome for profit figures from Europe's two largest oil groups, Royal Dutch/Shell and British Petroleum, with continuing post budget excitement, took shares to another peak in London yesterday. The FT Industrial Ordinary index added 11 for a four-day upsurge of nearly 35 points to a best-ever 875.6. The FT-SE 100 index rose 13.4 through the 1,100 level to 1,101.1. Fears that oil companies would experience an accelerating value added tax bill were forgotten as the day's results were announced. BP peaked at 455p before closing up 23p at 453p while Shell added 28p to 673p after 67p. Further market buoyancy was provided by TI, the engineering group which added 30p to 280p after its optimistic statement on current trading. Chief price changes, Page 30; Details, Page 31; Share information service, Page 32-33.

HONG KONG

THREE large buy orders for Hutchison Whampoa sparked a late rally in Hong Kong which took the Hang Seng index up 11.80 to 1,111.06 - its second highest level of the year. The purchases sparked unconfirmed market speculation about a possible large increase in Hutchison's final 1983 dividend or a rationalisation of the trading house and Cheung Kong, the property company, of which it is an associate. Hutchison Whampoa added 80 cents to HK\$17.70 and Cheung Kong 15 cents to HK\$9.70.

SINGAPORE

AN ABSENCE of buying interest in Singapore left the Straits Times industrial index to drift 2.74 down through the psychologically important 1,000 level yesterday to 988.43. Among industrials, Pan-Electric slipped 6 cents to S\$3.86 with its improved earnings discounted by the market. Among banks OUB, which had requested a suspension (at S\$4.36) pending release of its 1983 results, posted a net profit increase of 0.8 per cent.

AUSTRALIA

GAINS among industrial stocks in Sydney were offset by lower mining and resource shares in response to high domestic interest rates and the stronger Australian dollar which hurts the profits of major exporters. Monarch Petroleum, the subject of a bogus announcement which led to a doubling in its share price to 40 cents on Wednesday, remained suspended yesterday. ANI, which expects to lift its dividend for the year to June, held steady at A\$2.40.

SOUTH AFRICA

THE CONTINUED easier trend of world bullion prices left gold shares lower in active Johannesburg trading. Among the major producers, President Steyn shed R2 to R70.50 while most other sectors declined in sympathy. Anglo-American shed 45 cents to R23.85, De Beers 20 cents to R10.50 and Rustenburg Platinum 10 cents to R15.50. Industrials were mixed but with a firmer bias.

CANADA

AN EASIER tone developed in all the major sectors in Toronto yesterday, paced by weakness in gold issues. The downward trend was mirrored in Montreal with industrial utilities, banks and papers all trading lower.

Table with multiple columns: STOCK MARKET INDICES (New York, London, Tokyo, Australia, Austria, Belgium, Canada, Denmark, France, West Germany, Hong Kong, Italy, Netherlands, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, World), CURRENCIES (U.S. Dollar, Sterling, DM, Yen, FF, SwFr, Lira, SF, CS), INTEREST RATES (Euro-currency, FT London interbank), U.S. BONDS (Treasury, Corporate), FINANCIAL FUTURES (Chicago), COMMODITIES (London). Includes sub-tables for Gold (per ounce) and various regional indices.



This Malaysian tiger has international trade financing at its feet.

Advertisement for Malayan Banking Berhad. Text includes: 'TOTAL ASSETS EXCEEDING US\$ 6.6 BILLION. OVER 180 BRANCHES IN MALAYSIA AND ABROAD. OVER 1.5 MILLION ACCOUNT HOLDERS. LARGEST BANKING GROUP IN MALAYSIA, COMPRISING COMMERCIAL AND MERCHANT BANKS, FINANCE, LEASING AND INSURANCE COMPANIES.' It lists services like Documentary Credits, Exchange Purchase and Trust Receipts. Contact info: Mr. Lee Chen Chong, 74 Coleman Street, London EC 2R 5BN. Tel: 6380561, Telex: 888586, MBLBLDN G.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table containing stock prices, organized into columns with headers like '12 Month Low', 'High', 'Low', 'High', 'Low', 'High', 'Low', 'High'. Includes sub-sections for 'G-G-G', 'D-D-D', 'C-C-C', 'H-H-H', 'M-M-M', 'P-P-P', and 'O-O-O'.

Continued on Page 29

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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Table of American Stock Exchange Composite Closing Prices, organized into columns by stock category (e.g., A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z).

Continued on Page 30

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Table of New York Stock Exchange Composite Closing Prices, organized into columns by stock category (e.g., A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z).

Notes and footnotes regarding stock prices, including information on dividends, interest, and company announcements.

WORLD VALUE OF THE POUND every Tuesday in the Financial Times

# WORLD STOCK MARKETS

CANADA			DENMARK			NETHERLANDS			AUSTRALIA			JAPAN (continued)		
Change	Price	Vol.	Mar. 15	Price	+/-	Mar. 15	Price	+/-	Mar. 15	Price	+/-	Mar. 15	Price	+/-
Alcan	29 1/2	-	351	102 1/2	+0.1	185	127 1/2	+0.5	ANZ Group	5.46	-	Konishiroku	649	-
Alcan	29 1/2	-	351	102 1/2	+0.1	185	127 1/2	+0.5	Alcan	5.46	-	Kubota	318	+20
Alcan	29 1/2	-	351	102 1/2	+0.1	185	127 1/2	+0.5	Alcan	5.46	-	Kubota	318	+20
Alcan	29 1/2	-	351	102 1/2	+0.1	185	127 1/2	+0.5	Alcan	5.46	-	Kubota	318	+20
Alcan	29 1/2	-	351	102 1/2	+0.1	185	127 1/2	+0.5	Alcan	5.46	-	Kubota	318	+20

OVER-THE-COUNTER			Nasdaq National Market		
Stock	High	Low	Stock	High	Low
AFG	15 1/2	15 1/2	Comcast	15 1/2	15 1/2
AGS	15 1/2	15 1/2	Comcast	15 1/2	15 1/2
AGS	15 1/2	15 1/2	Comcast	15 1/2	15 1/2
AGS	15 1/2	15 1/2	Comcast	15 1/2	15 1/2
AGS	15 1/2	15 1/2	Comcast	15 1/2	15 1/2

LONDON	
Chief price changes	
(In pence unless otherwise indicated)	
BAT Inds.	208 +10
Birming Qatcast	939 +8
Bolton Textile	33 +8
Canning (I.L.)	119 +11
Christies (W.I.)	346 +13
Grand Met.	330 +6
Grattan	90 +12
GUS 'A'	630 +20
Lloyds Bank	598 +10
Reed (Austin) A	162 +10
Reed Int'l.	432 +12
Slack Service	256 +16
TI	230 +30
Thorn EMI	673 +20
Trent Hldgs.	157 +8
UP Biscuits	153 +8
BP	433 +39
Petrol New	366 +13
Shell Transp.	373 +28

## AMERICAN STOCK EXCHANGE CLOSING PRICES

12 Month	High	Low	Stock	12 Month	High	Low	Stock
374	30	20	S&P	100	100	100	IBM
34	25	15	S&P	100	100	100	IBM
34	25	15	S&P	100	100	100	IBM
34	25	15	S&P	100	100	100	IBM
34	25	15	S&P	100	100	100	IBM

## INDICES

NEW YORK-DOW JONES										STANDARD AND POORS																			
Mar 15	Mar 14	Mar 13	Mar 12	Mar 9	Mar 8	1983-84	1982-83	1981-82	1980-81	Mar 15	Mar 14	Mar 13	Mar 12	Mar 9	Mar 8	1983-84	1982-83	1981-82	1980-81										
1187.4	1186.0	1184.7	1183.7	1182.7	1181.7	1288.9	1287.2	1285.2	1283.2	513.89	513.27	511.21	510.08	498.46	492.57	612.83	612.83	612.83	612.83	126.88	126.25	126.25	126.25	126.25	126.25	134.83	132.7	130.5	128.05
513.89	513.27	511.21	510.08	498.46	492.57	612.83	612.83	612.83	612.83	126.88	126.25	126.25	126.25	126.25	126.25	134.83	132.7	130.5	128.05										
126.88	126.25	126.25	126.25	126.25	126.25	134.83	132.7	130.5	128.05																				

WORLD ECONOMIC INDICATORS	
every Monday in the Financial Times	
USA	3.2
UK	2.1
FR	1.8
GR	1.5
IT	1.2
JP	0.9
BR	0.7
IN	0.6
AU	0.5
CA	0.4
AR	0.3
RU	0.2
CH	0.1
SE	0.1
NO	0.1
DK	0.1
FI	0.1
BE	0.1
NL	0.1
DE	0.1
ES	0.1
PT	0.1
GR	0.1
IT	0.1
FR	0.1
UK	0.1
USA	0.1

ENERGY REVIEW	
- every Wednesday in the Financial Times	
Oil	10.5
Natural Gas	5.2
Coal	3.8
Electricity	2.1
Renewable	1.5
Hydro	1.2
Wind	0.8
Solar	0.5
Geothermal	0.3
Biofuels	0.2
Nuclear	0.1
Other	0.1
Total	22.5

MARKET REPORT

Post-Budget euphoria and big profits gains sweep equities to new records

Account Dealing Dates

\*First Declared Last Account Dealings...
\*First Declared Last Account Dealings...
\*First Declared Last Account Dealings...

Post-Budget excitement

Post-Budget excitement and bumper profits from Europe's largest oil groups...
Post-Budget excitement and bumper profits from Europe's largest oil groups...

Banks dip and rally

Stock digestion following Wednesday's top exhaustion...
Stock digestion following Wednesday's top exhaustion...

Grattan pleases

Still reflecting hopes that consumer spending will rise sharply...
Still reflecting hopes that consumer spending will rise sharply...

FINANCIAL TIMES STOCK INDICES

Table with columns: Index Name, March 10, March 14, March 15, March 16, March 17, March 18, March 19, March 20, March 21, March 22, March 23, March 24, March 25, March 26, March 27, March 28, March 29, March 30, March 31, Year ago.

HIGHS AND LOWS S.E. ACTIVITY

Table with columns: Index Name, High, Low, S.E. Activity.

WEDNESDAY'S MODERATE RECOVERY

Wednesday's moderate recovery in mining markets failed to gain impetus...
Wednesday's moderate recovery in mining markets failed to gain impetus...

FT-SE 100 INDEX

Table with columns: Index Name, High, Low, Change, % Change.

NEW HIGHS AND LOWS FOR 1983/4

Table with columns: Index Name, New Highs, New Lows.

W. Canning advance

Among the Miscellaneous Industrial leaders, Boverat encountered early selling...
Among the Miscellaneous Industrial leaders, Boverat encountered early selling...

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol., Max., Last, Nov., Last, Stock.

LONDON TRADED OPTIONS

Table with columns: Option, Apr., July, Oct., Apr., July, Oct.

FT-SE 100 INDEX

Table with columns: Index Name, High, Low, Change, % Change.

NEW HIGHS AND LOWS FOR 1983/4

Table with columns: Index Name, New Highs, New Lows.

EQUITIES

Table with columns: Issue Price, Amount, Latest Renewal Date, High, Low, Stock, Change, % Change.

FIXED INTEREST STOCKS

Table with columns: Issue Price, Amount, Latest Renewal Date, High, Low, Stock, Change, % Change.

"RIGHTS" OFFERS

Table with columns: Issue Price, Amount, Latest Renewal Date, High, Low, Stock, Change, % Change.

RISES AND FALLS YESTERDAY

Table with columns: British Funds, Rises, Falls, Same.

ACTIVE STOCKS

Table with columns: Stock Name, Change, % Change.

WEDNESDAY'S ACTIVE STOCKS

Table with columns: Stock Name, Change, % Change.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns: Index Name, This March 15 1984, Wed March 14, Thu March 13, Fri March 12, Sat March 11, Sun March 10, Year ago.

FIXED INTEREST

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WEDNESDAY'S MODERATE RECOVERY

Wednesday's moderate recovery in mining markets failed to gain impetus...
Wednesday's moderate recovery in mining markets failed to gain impetus...

FT-SE 100 INDEX

Table with columns: Index Name, High, Low, Change, % Change.

NEW HIGHS AND LOWS FOR 1983/4

Table with columns: Index Name, New Highs, New Lows.

W. Canning advance

Among the Miscellaneous Industrial leaders, Boverat encountered early selling...
Among the Miscellaneous Industrial leaders, Boverat encountered early selling...

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol., Max., Last, Nov., Last, Stock.

LONDON TRADED OPTIONS

Table with columns: Option, Apr., July, Oct., Apr., July, Oct.

RECENT ISSUES

Table with columns: Issue Price, Amount, Latest Renewal Date, High, Low, Stock, Change, % Change.

FIXED INTEREST STOCKS

Table with columns: Issue Price, Amount, Latest Renewal Date, High, Low, Stock, Change, % Change.

"RIGHTS" OFFERS

Table with columns: Issue Price, Amount, Latest Renewal Date, High, Low, Stock, Change, % Change.

RISES AND FALLS YESTERDAY

Table with columns: British Funds, Rises, Falls, Same.

ACTIVE STOCKS

Table with columns: Stock Name, Change, % Change.

WEDNESDAY'S ACTIVE STOCKS

Table with columns: Stock Name, Change, % Change.

LONDON TRADED OPTIONS

Table with columns: Option, Apr., July, Oct., Apr., July, Oct.

WEDNESDAY'S ACTIVE STOCKS

Table with columns: Stock Name, Change, % Change.

The yield, high and low return, bid rates, values and contingent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4A 3DF, price 15p, by post 20p.

Sumrie CLOTHES FOR MEN WHO CARE WHAT THEY WEAR

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

Table of British Funds with columns for Name, Price, and % Chg.

Five to Fifteen Years

Table of funds categorized by 5 to 15 year maturity.

Over Fifteen Years

Table of funds categorized by over 15 year maturity.

Undated

Table of undated funds.

Index-Linked

Table of index-linked funds.

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

Table of international bank and overseas government sterling issues.

CORPORATION LOANS

Table of corporation loans.

COMMONWEALTH AND AFRICAN LOANS

Table of commonwealth and African loans.

LOANS

Table of general loans.

BEERS, WINES AND SPIRITS

Table of beer, wine, and spirit stocks.

FOREIGN BONDS & RAILS

Table of foreign bonds and rail stocks.

AMERICANS

Table of American stocks.

CANADIANS

Table of Canadian stocks.

BANKS, H.P. AND LEASING

Table of bank, H.P., and leasing stocks.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of building industry, timber, and road stocks.

CHEMICALS, PLASTICS

Table of chemical and plastic stocks.

DRAPERY AND STORES

Table of drapery and store stocks.

HIRE PURCHASE, LEASING, ETC.

Table of hire purchase, leasing, etc. stocks.

DRAPERY - Continued

Continuation of drapery stocks.

ELECTRICALS

Table of electrical stocks.

ENGINEERING - Continued

Continuation of engineering stocks.

ENGINEERING

Table of engineering stocks.

ENGINEERING - Continued

Continuation of engineering stocks.

FOOD, GROCERIES, ETC.

Table of food, grocery, etc. stocks.

HOTELS AND CATERERS

Table of hotel and caterer stocks.

HOTELS - Continued

Table of hotel stocks.

INDUSTRIALS (Miscel)

Table of miscellaneous industrial stocks.

Friday March 16 1984  
HOTELS—Continued

Financial Times Friday March 16 1984

INDUSTRIALS—Continued

Table of industrial stocks including companies like ICI, BP, and various engineering firms. Columns include stock name, price, and percentage change.

LEISURE—Continued

Table of leisure stocks including companies like British Airways, British Telecom, and various media companies.

PROPERTY—Continued

Table of property stocks including companies like British Land, National Westminster, and various real estate firms.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like F&C, F&I, and various asset management firms.

OIL AND GAS—Continued

Table of oil and gas stocks including companies like BP, Shell, and various energy firms.

INSURANCE

Table of insurance stocks including companies like British Insurance, Prudential, and various insurance providers.

LEISURE

Table of leisure stocks (repeated section).

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like British Leyland, BAE, and various automotive firms.

Commercial Vehicles

Table of commercial vehicle stocks including companies like Leyland, Daimler, and various truck manufacturers.

Components

Table of component stocks including companies like Lucas, Bosch, and various automotive parts suppliers.

Garages and Distributors

Table of garage and distributor stocks including companies like Halfords, Halfords Stores, and various retail chains.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including companies like News International, Newsprint, and various media companies.

PAPER, PRINTING, ADVERTISING

Table of paper, printing, and advertising stocks including companies like Newsprint, Newsprint, and various media companies.

PROPERTY

Table of property stocks (repeated section).

SHIPPING

Table of shipping stocks including companies like British Overseas Airways, British Overseas Airways, and various shipping lines.

SHOES AND LEATHER

Table of shoes and leather stocks including companies like Clarks, Clarks, and various footwear manufacturers.

SOUTH AFRICANS

Table of South African stocks including companies like Anglo American, Anglo American, and various mining firms.

TEXTILES

Table of textile stocks including companies like British Textiles, British Textiles, and various textile manufacturers.

TOBACCO

Table of tobacco stocks including companies like British American Tobacco, British American Tobacco, and various tobacco companies.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including companies like F&C, F&I, and various asset management firms.

FINANCE, LAND, ETC.

Table of finance, land, and other stocks including companies like F&C, F&I, and various asset management firms.

MINES—continued

Table of mining stocks including companies like Anglo American, Anglo American, and various mining firms.

PLANTATIONS

Table of plantation stocks including companies like British Overseas Airways, British Overseas Airways, and various plantation companies.

TEAS

Table of tea stocks including companies like British Overseas Airways, British Overseas Airways, and various tea companies.

MINES Central Rand

Table of central rand mining stocks including companies like Anglo American, Anglo American, and various mining firms.

Eastern Rand

Table of eastern rand mining stocks including companies like Anglo American, Anglo American, and various mining firms.

Far West Rand

Table of far west rand mining stocks including companies like Anglo American, Anglo American, and various mining firms.

FINANCE

Table of finance stocks including companies like F&C, F&I, and various asset management firms.

OIL AND GAS

Table of oil and gas stocks (repeated section).

Diamond and Platinum

Table of diamond and platinum stocks including companies like Anglo American, Anglo American, and various mining firms.

DAIWA BANK logo and contact information. A fully integrated banking service. Head Office: Osaka, Japan. London Branch: Tel. (01) 588-0141.

MINES—continued header and sub-headers for different mining regions.

Table of mining stocks (repeated section).

NOTES

Notes section containing various financial notices, company announcements, and market updates.

REGIONAL AND IRISH STOCKS

Table of regional and Irish stocks including companies from various countries.

OPTIONS 3-month Call Rates

Table of options and 3-month call rates for various currencies and assets.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Allport Unit Trust, and others, with columns for name, value, and other details.

FT UNIT TRUST INFORMATION SERVICE

Main table of unit trusts including Crown Unit Trust Services Ltd, Sweet (John) Unit Trust, and many others, with columns for name, value, and other details.

Table listing insurance companies and their services, including various life and general insurance policies.

Insurances—continued

Table listing insurance companies and their services, including various life and general insurance policies.

PROPERTY AND INVESTMENT

Table listing property and investment services, including various real estate and investment opportunities.

OFFSHORE AND OVERSEAS

Table listing offshore and overseas services, including various international investment and financial services.

MONEY MARKET TRUST FUNDS

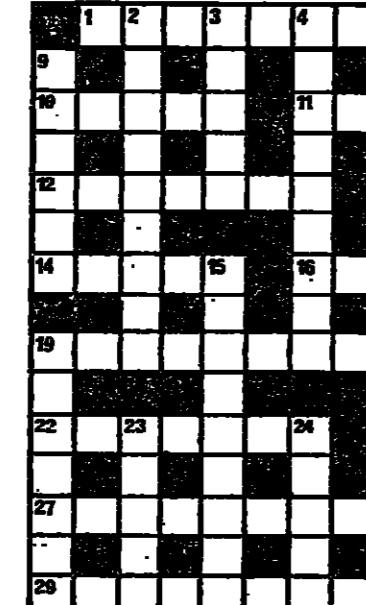
Table listing money market trust funds, including various short-term investment vehicles.

MONEY MARKET BANK ACCOUNTS

Table listing money market bank accounts, including various high-interest savings and investment options.

F.T. CROSSWORD PUZZLE No. 5368

ACROSS
1 Thackeray's work at last? (3, 4, 2, 5)
10 Metal takes some finding otherwise! (5)
11 Traveller a burden to others (9)
12 He taunts potential member (7)
13 One who hears American registered student (7)
14 Genuine number in Kingdom (5)
15 Ubiquitous joint? (9)
16 Spartan directed round Herts town (9)
17 Guides in Yorkshire we hear (5)
18 A match for the leader of angelic rebellion? (7)
19 Uspet' pricet goes east for a pause from action (7)
20 Sat and learnt perhaps to put into German? (9)
21 Put up beams so to speak (5)
22 If meeting hosts unexpectedly, it shows you're in 1864 (4, 2, 3, 5)



SOLUTION TO PUZZLE No. 5367

Table providing the solutions to the crossword puzzle, including words like 'DROOP', 'PARTY', 'BURY', etc.

PROPERTY AND INVESTMENT

Table listing property and investment services, including various real estate and investment opportunities.

OFFSHORE AND OVERSEAS

Table listing offshore and overseas services, including various international investment and financial services.

Handwritten signature or mark at the bottom of the page.



INSURANCE & OVERSEAS MANAGED FUNDS

Main table containing financial data for various insurance and overseas managed funds, including fund names, managers, and performance metrics.

OFFSHORE AND OVERSEAS

Table listing offshore and overseas managed funds with details on fund names, managers, and performance.

NOTES
Prices are in pence unless otherwise indicated and are based on the latest available data.

COMMODITIES AND AGRICULTURE

Vaccines 'may be cause' of fowl pest

By Our Commodities Staff
OUTLAWED VACCINES could be responsible for the outbreak of fowl pest which claimed another 11,800 hens on a Berkshire farm yesterday.

Drop in forecast cocoa shortfall

BY JOHN EDWARDS, COMMODITIES EDITOR
LONDON MERCHANT-Gill and Duffus has lowered its forecast of production to 56,000 tonnes.

AMC cuts cost of loans for farmers

FOLLOWING the recent cut in bank base rates the Agricultural Mortgage Corporation has announced cheaper loans for farmers.

Cash boost for Australian wool growers

BY ANTHONY MORETON, TEXTILES CORRESPONDENT, IN CANBERRA
THE AUSTRALIAN Government yesterday committed itself to a five-year programme of increased assistance to the wool industry to help promote the fibre in world markets.

South Wales he signalled a change of policy. Mr Kernin said yesterday that the amount given to the industry would average A\$22m a year over the five-year period.

Meat futures market opens

BY RICHARD MOONEY
BRITAIN'S first meat futures market opened in London this morning. The London Meat Futures Exchange's pigmeat futures contract is expected to attract considerable interest.

Coffee prices rally after early decline

NEWS THAT Brazil is lowering the contribution quota (export tax) on sales of coffee brought an early decline in prices on the London Robusta futures market yesterday.

Writing off the prospect of new investment

John Cherrington on how the Budget will affect farmers
In particular, a tenant farmer can buy a house for his eventual retirement with the capital gains exemption and mortgage interest relief.

Writing off the prospect of new investment

THE CHANCELLOR'S decision to abolish 100 per cent capital allowances could have considerable impact on farmers' investment plans. Since it was first introduced, farmers have planned their machinery investment according to the short-term profitability of their farms.

equipped and machinery could be made to last a great deal longer. Farm buildings and drainage will now enjoy a first year write-off of 30 per cent.

PRICE CHANGES

Table with columns: In tonnes unless stated otherwise, Mar. 15 1984, + or -, Month ago. Rows include Metals, Tin, Zinc, Lead, Nickel, etc.

BRITISH COMMODITY PRICES

Table with columns: Mar. 15 1984, + or -, Month ago. Rows include Base Metals, Copper, Tin, Zinc, Lead, etc.

AMERICAN MARKETS

Table with columns: Mar. 15 1984, + or -, Month ago. Rows include Base Metals, Copper, Tin, Zinc, Lead, etc.

POTATOES

Table with columns: Mar. 15 1984, + or -, Month ago. Rows include Mar. 15 1984, + or -, Month ago.

MEAT/FISH

Table with columns: Mar. 15 1984, + or -, Month ago. Rows include Mar. 15 1984, + or -, Month ago.

NEW YORK

Table with columns: Mar. 15 1984, + or -, Month ago. Rows include Mar. 15 1984, + or -, Month ago.

CHICAGO

Table with columns: Mar. 15 1984, + or -, Month ago. Rows include Mar. 15 1984, + or -, Month ago.

LONDON OIL

Table with columns: Mar. 15 1984, + or -, Month ago. Rows include Mar. 15 1984, + or -, Month ago.

CRUDE OIL FUTURES

Table with columns: Mar. 15 1984, + or -, Month ago. Rows include Mar. 15 1984, + or -, Month ago.

COCOA

Table with columns: Mar. 15 1984, + or -, Month ago. Rows include Mar. 15 1984, + or -, Month ago.

SOYABEAN MEAL

Table with columns: Mar. 15 1984, + or -, Month ago. Rows include Mar. 15 1984, + or -, Month ago.

INDICES

Table with columns: Mar. 15 1984, + or -, Month ago. Rows include Mar. 15 1984, + or -, Month ago.

REUTERS

Table with columns: Mar. 15 1984, + or -, Month ago. Rows include Mar. 15 1984, + or -, Month ago.

MOODY'S

Table with columns: Mar. 15 1984, + or -, Month ago. Rows include Mar. 15 1984, + or -, Month ago.

GOLD PRICES

Table with columns: Mar. 15 1984, + or -, Month ago. Rows include Mar. 15 1984, + or -, Month ago.

GAS OIL FUTURES

Table with columns: Mar. 15 1984, + or -, Month ago. Rows include Mar. 15 1984, + or -, Month ago.

COFFEE

Table with columns: Mar. 15 1984, + or -, Month ago. Rows include Mar. 15 1984, + or -, Month ago.

SUGAR

Table with columns: Mar. 15 1984, + or -, Month ago. Rows include Mar. 15 1984, + or -, Month ago.

GRAINS

Table with columns: Mar. 15 1984, + or -, Month ago. Rows include Mar. 15 1984, + or -, Month ago.

WHEAT

Table with columns: Mar. 15 1984, + or -, Month ago. Rows include Mar. 15 1984, + or -, Month ago.

BARLEY

Table with columns: Mar. 15 1984, + or -, Month ago. Rows include Mar. 15 1984, + or -, Month ago.

LONDON FUTURES

Table with columns: Mar. 15 1984, + or -, Month ago. Rows include Mar. 15 1984, + or -, Month ago.

ZINC

Table with columns: Mar. 15 1984, + or -, Month ago. Rows include Mar. 15 1984, + or -, Month ago.

ALUMINIUM

Table with columns: Mar. 15 1984, + or -, Month ago. Rows include Mar. 15 1984, + or -, Month ago.

WOOL FUTURES

Table with columns: Mar. 15 1984, + or -, Month ago. Rows include Mar. 15 1984, + or -, Month ago.

WHEAT

Table with columns: Mar. 15 1984, + or -, Month ago. Rows include Mar. 15 1984, + or -, Month ago.

BARLEY

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WHEAT

Table with columns: Mar. 15 1984, + or -, Month ago. Rows include Mar. 15 1984, + or -, Month ago.

EUROPEAN MARKETS

Table with columns: Mar. 15 1984, + or -, Month ago. Rows include Mar. 15 1984, + or -, Month ago.

NICKEL

Table with columns: Mar. 15 1984, + or -, Month ago. Rows include Mar. 15 1984, + or -, Month ago.

WHEAT

Table with columns: Mar. 15 1984, + or -, Month ago. Rows include Mar. 15 1984, + or -, Month ago.

BARLEY

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WHEAT

Table with columns: Mar. 15 1984, + or -, Month ago. Rows include Mar. 15 1984, + or -, Month ago.

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Table with columns: Mar. 15 1984, + or -, Month ago. Rows include Mar. 15 1984, + or -, Month ago.

Vertical advertisements on the right margin including 'WORLD EXCHANGE', 'CURRENCY', 'WEY MAR', 'UK rat', 'LONDON', 'BANK FIX', 'LONDON', 'BANK FIX'.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar firms in quiet trading

The dollar was firmer in currency markets yesterday in rather quiet trading. Rates tended to fluctuate because of the low volume and after an earlier sharp rise in the dollar...

compared with \$1.00 on Wednesday and \$0.9 six months ago. Sterling opened down from Wednesday's close in London against the dollar and traded in a fairly narrow range...

average 2,700. Trade-weighted index 127.9 against 125.7 six months ago. The D-mark had a weaker tone overall at the Frankfurt fixing...

to DM 1,207.9 from DM 1,266.6 within the EMS the Dutch guilder improved to DM 38.32 per 100 guilders from DM 38.50...

FINANCIAL FUTURES

Further decline

Eurodollar futures opened weaker on the London International Financial Futures Exchange, and despite closing at the highest level of the day...

ever, and there was no heavy selling after the industrial production figures, with the June contract closing at \$92.22 compared with the previous settlement of \$92.25.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Country, Currency, Unit, % change from 1983-84, % change from 1982-83. Includes Belgium, Denmark, France, Germany, Greece, Italy, Spain, UK.

£ in New York latest

Table showing exchange rates for £ in New York latest, including 1 month, 3 months, and 6 months forward rates.

THE POUND SPOT AND FORWARD

Table showing pound spot and forward rates for various currencies including US, Canada, West Germany, Denmark, Ireland, Portugal, Spain, Italy, France, Japan, and Australia.

THE DOLLAR SPOT AND FORWARD

Table showing dollar spot and forward rates for various currencies including UK, West Germany, Denmark, France, Italy, Spain, Japan, and Australia.

OTHER CURRENCIES

Table showing exchange rates for other currencies like Argentina, Australia, Brazil, Canada, Hong Kong, India, Indonesia, Korea, Kuwait, Luxembourg, Malaysia, New Zealand, Singapore, South Africa, and Taiwan.

CURRENCY MOVEMENTS

Table showing currency movements for various countries including Argentina, Australia, Brazil, Canada, Hong Kong, India, Indonesia, Korea, Kuwait, Luxembourg, Malaysia, New Zealand, Singapore, South Africa, and Taiwan.

CURRENCY RATES

Table showing currency rates for various countries including Argentina, Australia, Brazil, Canada, Hong Kong, India, Indonesia, Korea, Kuwait, Luxembourg, Malaysia, New Zealand, Singapore, South Africa, and Taiwan.

EXCHANGE CROSS RATES

Table showing exchange cross rates for various currencies including Pound Sterling, Deutsche Mark, Japanese Yen, French Franc, Dutch Guilder, Italian Lira, Canadian Dollar, and Belgian Franc.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Table showing Euro-currency interest rates for various currencies including US Dollar, Canadian Dollar, Dutch Guilder, Swiss Franc, D-mark, French Franc, Italian Lira, Belgian Franc, Yen, and Danish Kroner.

MONEY MARKETS

Interest rates were little changed in London yesterday as which it bought £376m of bills comprising 64% of eligible bank bills in band 1 (up to 14 days) at 8 1/2 per cent...

MONEY RATES

Table showing money rates for various locations including Frankfurt, Paris, Zurich, Amsterdam, Tokyo, Milan, Brussels, and Dublin.

Discount Houses Deposit and Bill Rates

Table showing discount houses deposit and bill rates for various locations including London, New York, and other international locations.

FT LONDON INTERBANK FIXING

Table showing FT London interbank fixing rates for various terms including overnight, one month, three months, six months, and one year.

LONDON MONEY RATES

Table showing London money rates for various terms including overnight, one month, three months, six months, and one year.

MONEY RATES NEW YORK (Lunchtime)

Table showing money rates in New York at lunchtime for various terms including prime rate, one month, three months, six months, and one year.

FT LONDON INTERBANK FIXING

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COMPANY NOTICES

NEW KLEINFELDER PROPERTIES LIMITED

FINANCIAL INTERIM REPORT The audited results of the group's operations for the six months ended 31 December 1983 are as follows:

TOWNSHIPS DEVELOPMENT

Although the good availability for the six months under review is mostly attributable to the general increase in the price of industrial shares...

CHICAGO

U.S. TREASURY BONDS (CBT) % 30-day Treasury bill 100.00 100.00 100.00 100.00

U.S. TREASURY BILLS (HMM) %

3-month Treasury bill 98.50 98.50 98.50 98.50

STERLING DEPOSIT (IMM) %

3-month Sterling deposit 98.50 98.50 98.50 98.50

STERLING DEPOSIT (IMM) %

3-month Sterling deposit 98.50 98.50 98.50 98.50

STERLING DEPOSIT (IMM) %

3-month Sterling deposit 98.50 98.50 98.50 98.50

TOKYO TRUST S.A.

FINAL DIVIDEND A Final Dividend of U.S.\$0.85 per share will be payable on 9th April 1984 to holders on the Register on 16th March and to holders of the Bearer shares against presentation of Coupon No. 21 at the Paying Agents.

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economic Department, London. The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, March 14, 1984.

Large table showing world value of the dollar with columns for Country, Currency, and Value of Dollar. Includes countries like Afghanistan, Algeria, Angola, Argentina, Australia, Austria, Bahamas, Bahrain, Bangladesh, Belgium, Belize, Benin, Bolivia, Botswana, Brazil, Bulgaria, Burma, Cambodia, Cameroon, Canada, Cape Verde, Ceylon, Denmark, Djibouti, Dominican Republic, Ecuador, Egypt, El Salvador, Equatorial Guinea, Ethiopia, Fiji, Finland, France, Gabon, Gambia, Germany, Greece, Greenland, Grenada, Guinea, Guyana, Haiti, Honduras, Hong Kong, Hungary, Iceland, India, Indonesia, Iran, Iraq, Israel, Italy, Ivory Coast, Jamaica, Jordan, Kampuchea, Kenya, Korea, Kuwait, Laos, Lebanon, Lesotho, Liberia, Liechtenstein, Luxembourg, Madagascar, Malawi, Malaysia, Maldives, Mali, Mauritania, Mauritius, Mexico, Monaco, Morocco, Mozambique, Myanmar, Namibia, Nepal, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Norway, Oman, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Poland, Portugal, Romania, Saudi Arabia, Senegal, Sierra Leone, Singapore, Somalia, South Africa, South Korea, Spain, Sri Lanka, Sudan, Switzerland, Taiwan, Tanzania, Thailand, Timor-Leste, Trinidad and Tobago, Tunisia, Turkey, Uganda, United Arab Emirates, USSR, Venezuela, Vietnam, West Bank, Yemen, Yugoslavia, Zambia, Zimbabwe.

INTERNATIONAL CAPITAL MARKETS

Key executives defect at Merrill and CSFB

BY OUR EUROMARKETS STAFF

THE GAME of musical chairs resumed with a vengeance in the Euromarkets yesterday as two top investment banks lost key executives to smaller firms.

Dean Witter Reynolds, the U.S. brokerage firm, has hired nine staff from Merrill Lynch in an effort to build a major presence in the market, while three more key staff are leaving Credit Suisse First Boston for another U.S. broker, E. F. Hutton.

The departures come at a particularly difficult moment for CSFB. It has still not fully recovered from the defection two months ago of 10 key staff to Merrill Lynch, in what was the largest such raid in Euromarket history.

Yesterday's changes involved a number of very senior people in both organisations. Mr Alan Duncan, an executive director of CSFB, is leaving with two senior traders to join E. F. Hutton. Mr Michael Lee, who has been with Merrill for 10 years and was a managing director of Merrill Lynch Capital Markets, is to become chief executive of a reorganised Dean Witter capital markets group in London.

Mr Lee's position at Merrill, in which he was responsible for loan syndication, revolving underwriting facilities and commercial paper, is to be taken by Mr Michael Dobbs-Higginson, who joined Merrill from CSFB in January.

Others leaving Merrill Lynch include Mr Steven Altme, executive director, and Mr Robert Underwood, a vice-president who is one of

WEEKLY U.S. BOND YIELDS (%)

Table showing weekly U.S. bond yields for Composite Corp. AA, Government, Long-term, Short-term, Municipal, Institutional AAA, Institutional AA, and Preferred Stocks across various maturities and dates.

Source: Standard & Poor's

nothing to do with the arrival of the CSFB people at Merrill Lynch, but he wanted a broader base for his activities.

Mr Giovanni Franzini, managing director of Merrill Lynch Europe, admitted, however, there had been some difficulty integrating the trading team acquired from CSFB.

Mr Jack Hennessey, chief executive of CSFB, said of those leaving his firm: "They are all very professional people. We're sad to see them leave."

Mr Lee said his departure had

\$132m loan for Samir

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

SAMIR, Morocco's state oil refining company, has signed a \$132m, one-year credit facility which was put on ice after the country announced its intention to reschedule its foreign debt last August.

But the interest margin has now increased to 7 per cent over London Eurodollar rates from 4 per cent and the amount cut from an original \$200m. Only 17 banks are participating, compared with 23 previously.

nothing to do with the arrival of the CSFB people at Merrill Lynch, but he wanted a broader base for his activities.

Mr Giovanni Franzini, managing director of Merrill Lynch Europe, admitted, however, there had been some difficulty integrating the trading team acquired from CSFB.

Mr Jack Hennessey, chief executive of CSFB, said of those leaving his firm: "They are all very professional people. We're sad to see them leave."

Mr Lee said his departure had

S. Africa launches \$75m floater

By Mary Ann Slogthart, in London

SOUTH Africa is tapping the Euro-dollar bond market for the first time since 1978 with a \$75m floating rate note sold by Dresdner Bank, Société (Jersey) and Paribas.

The five-year note pays a spread of 3/4 per cent over the six-month London interbank offered rate (Libor) at par and has front end fees of 1.05 per cent. This makes the all-in compounded cost to the borrower 0.82 per cent over Libor. Many banks could not join the deal for political reasons, but it traded within its fees at a discount of about 1/4 per cent.

Elsewhere all eyes were on the Texaco Jumbo convertible. Though a few bonds were being offered at a 2 or 3 per cent discount, the "co-ordinator" banks were pressing managers to sell at a discount no greater than 1/4 per cent.

AMERSPAN bond issue

American Savings and Loan Association's \$100m bond, issued by Salomon, Brothers, has been oversubscribed, having increased to \$120m due to strong demand.

The Bank of Greece's \$150m FRN emerged with a margin of 4 per cent over six-month Libor, the coupon being set quarterly. It has a 10-year life, reducible to seven years, and has a total fee of 2 per cent. Prices changed little in secondary markets yesterday and turnover was low.

OVER-THE-COUNTER

Nasdaq National Market

Continued from Page 30

Table listing Nasdaq National Market stocks with columns for Stock, Sales, High, Low, Last, and Change.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for March 15.

Large table listing international bond issues with columns for Country, Issue, Yield, and Price.

Advertisement for Société Générale de Surveillance Finance N.V., featuring a globe logo, company name, and details about a \$50,700,000 bond issue with a 4% guaranteed rate.

Advertisement for Durban Roodepoort Deep, Limited, including financial results, operating and financial results, and a statement from the Chairman.

Advertisement for 'Life' magazine, featuring a woman's face and the text 'Life magazine'.

Vertical advertisement on the right edge of the page, partially cut off, mentioning 'Life' magazine.

Handwritten signature 'John, initials' at the bottom center of the page.